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Romulo Addresses ASEAN Ministerial Meeting

BK2807030594 Manila MANILA STANDARD in English 23 Jul 94 p 2

[By Merlinda Manalo]

[Text] Countries that are potential threats to regional stability in East Asia such as Cambodia and North Korea should be included in the Asean Regional Forum (ARF), Foreign Affairs Secretary Roberto Romulo said yesterday.

Romulo, who is in Bangkok for a series of ASEAN-led meetings, said Cambodia should go one step further and become a full ASEAN member, "when it ready." [sentence as published]

During his opening speech at the 27th ASEAN Ministerial Meeting, Romulo said the nuclear question in North Korea, which has sent waves of concern and anxiety over the region, clearly showed that it was necessary for the reclusive country to participate in the ARF, the first security forum in the Asia-Pacific.

"By virtue of its place in the region, it is perhaps not too early to consider the eventual participation of North Korea in ARF deliberations," Romulo said.

North Korea has rescheduled high-level talks on the nuclear issue with the United States, following the death of its leader, Kim Il- song.

While Kim was alive, the North agreed to peacefully resolve issues involving its nuclear program with South Korea and the United States through dialogs which may lead to a North-South summit.

In another part of the globe, violence in Cambodia continues to threaten the stability in the country, despite a recently installed elected government.

The DFA [Department of Foreign Affairs] chief said the exchange of defense white papers, the establishment of a regional arms registry, the sharing of military information and cooperation among the armed forces in Southeast Asia should be considered by ARF participants in formulating their defense policies and programs.

"Some of these and similar arrangements could apply to the South China Sea, an area of concern to us all," Romulo said.

The ARF participants include ASEAN and its dialog partners—the United States, South Korea, Japan, China, and Russia.

Romulo also reiterated the Philippines' support for the one- Southeast Asia concept as a precursor to the formal entry of Cambodia, Laos, and Myanmar (formerly Burma) to the ASEAN. Romulo has proposed that Vietnam become an associate member of the ASEAN.

ASEAN Officials Meet With Dialogue Partners

BK2807031394 Bangkok BANGKOK POST in English 28 Jul 94 pp 1, 7

[Text] Australia agreed yesterday to help ASEAN create a nuclear weapons-free zone basing its experience on the development of a similar zone in the South Pacific, Thai Deputy Foreign Minister Surin Phitsuwan said yesterday.

ASEAN's request was made on the final day of ASEAN's annual ministerial meeting and its dialogues with neighbours and world powers, and capped ten days of meetings whose focus was largely on conflict-resolution and security.

Yesterday ASEAN met each of its formal dialogue partners separately—Australia, Canada, the European Union, Japan, South Korea, New Zealand and the United States.

Participants have hailed this year's meeting as being particularly productive because of the prospect of Vietnam's early membership of ASEAN, a closing of differences between participants on how to deal with Cambodia and Burma, and particularly the creation of the new ASEAN Regional Forum on security.

Laksanachanthon Laohaphan, director-general of the Thai Foreign Ministry said earlier this week that getting so many countries together to talk about such serious issues was the biggest achievement of the meetings.

Her view was echoed by others such as the Canadians who were impressed by the fact that so many former enemies were able to talk freely and casually about security issues in the regional forum meeting on Monday.

France's minister for European affairs, representing his country as the next president of the European Union Council, said yesterday: "We support the initiative of the security forum because we consider the countries of the region must take care or deal with the security problems of the region and (with) we Europeans as partners if they so wish.

"That is why we welcome the strengthening and the broadening process of ASEAN."

Part of the "broadening" has been ASEAN's increasing willingness to comment on affairs outside the region. Partly spurred on by Malaysia's policy of solidarity with Muslims, ASEAN and the dialogue partners yesterday issued statements on Bosnia-Herzegovina and the Israel-Jordan summit.

The Bosnia statement calls on the Bosnian Serbs to accept unconditionally and without delay the peace plan proposed by the "contact group" on Bosnia-Herzegovina—the European Union, United States, Russian Federation and United Nations.

The statement stops short of calling for the lifting of the arms embargo on Bosnian Muslims if the peace plan is not accepted. Malaysia proposed the idea and ASEAN itself endorsed the call on Saturday.

The statement on the Middle East hails the "historic" meeting between Jordan and Israel as representing the peaceful aims of ASEAN's own meetings.

One of the differences between ASEAN and its dialogue partners remains unresolved, however. ASEAN repeatedly raised objections to proposals from the United States and France for workers' rights to be linked to trade and on the agenda of the World Trade Organisation [WTO] that is due to be set up in January.

The Americans took pains to explain repeatedly that they did not want the issue to be used as an excuse for protectionism, that they were only concerned about countries observing "international standards" of workers' rights, and they definitely would not consider low wages as an abuse of these rights.

US Undersecretary of State Joan Spero repeated the argument at yesterday's closing press conference. Singapore's Foreign Minister Shunmugam Jayakumar appeared unconvinced and repeated ASEAN's objections during the press conference.

Yesterday's ASEAN-Australia talks were between Deputy Foreign Minister Surin Phitsuwan and Australian Gareth Evans.

In addition to offering support for setting up a nuclear-free zone, Mr Evans called for ASEAN to expand the Bali Treaty of Amity and Cooperation to non-ASEAN countries and urged a link between the ASEAN Free Trade Area [AFTA] and the Australia-New Zealand Closer Economic Relations (CER) to strengthen cooperation and increase competitiveness between the two economic groupings.

Mr Surin expressed satisfaction over Australia positive move towards opening its market and urged Canberra to lessen regulations obstructing trade activities.

Leading the ASEAN-Canada were Indonesian Foreign Minister Ali Alatas and his Canadian counterpart Andre Ouellet.

Canada supported ASEAN's stance on opposing the linking of workers' rights and other social issues to trade concessions apparently accepting ASEAN's argument that these should be handled in the International Labour Organisation and not the new World Trade Organisation.

"The social clauses should be discussed in the appropriate forum and the standards of one country should not be imposed as a factor of trade protectionism on another," said a statement issued after yesterday's meeting.

Mr Alatas asked Mr Ouellet to support Singapore's attempt to host the first World Trade Organisation meeting and a move by Thailand to chair WTO's agriculture committee.

In ASEAN-EU talks Philippine Foreign Secretary Roberto Romulo told German Foreign Minister Klaus Kinkel, president of the EU Council, that ASEAN was concerned about the EU's membership expansion and the linkage of social clauses to trade which world obstruct trade ties between the two groupings.

But Mr Kinkel affirmed that the enlargement would not have an effect on the relations with ASEAN and the WTO's social clause has not been agreed yet.

At the ASEAN-Japan meeting, between Mr Jayakumar and Japanese Foreign Minister Yohei Kono, Mr Kono pledged to support Singapore to convene the first WTO ministerial meeting and Thailand's candidacy for the chairmanship of the WTO's Committee on Agriculture.

At their meeting, Malaysian Foreign Minister Abdullah Badawi, representing ASEAN, urged South Korea to be more open on importing ASEAN products and Mr Han Sung-chu responded that imports from ASEAN increased about 30 percent every year and the trend will continue.

The South Korean minister vowed to support the setting up of the ASEAN Promotion Centre in Seoul to promote trade relations.

Representing ASEAN in talks with New Zealand, Malaysian Foreign Minister Abdullah Badawi was also urged by Wellington's Deputy Prime Minister and Foreign Minister, Don McKinnon, to link AFTA and CER and informed its stance on reforms of the United Nations Security Council and urged ASEAN to pursue this issue.

Thai Deputy Minister Comments

BK2707145894 Bangkok Radio Thailand Network in Thai 1200 GMT 27 Jul 94

[Text] Speaking to reporters after representing Foreign Minister Squadron Leader Prasong Sunsiri at the consultative meetings among ASEAN foreign ministers and dailogue partners at the Shangri-La Hotel this morning, Deputy Foreign Minister Surin Phisuwan said relations and cooperation between ASEAN and Australia had been discussed. Australia has pledged to cooperate with ASEAN in education and research and will make efforts to foster closer ties with ASEAN. Touching on human rights, Australia agrees with the actions, which require flexibility, taken by ASEAN member countries in solving their human rights and social problems. Australia's perception is admirable. The discussion of Southeast Asian regional security issues is beneficial to the countries of this region. Moreover, Australia agrees with the declaration of Asia as a nuclear-free zone and has shown interests in the ASEAN Free Trade Area or AFTA.

Regarding the consultative meeting between ASEAN foreign ministers and the U.S., the deputy foreign minister said the discussion touched on the issues of human rights, law drafting, environment, and the labor problem. Touching on the U.S. attempt to link labor issues with trade and investment, ASEAN countries believe that such a practice might not be covered by the Uruguay round of multilateral trade talks. However, the U.S. has expressed its concern over this problem and wanted other countries to pay more attention to this issue.

During the consultative meeting with the Japanese foreign minister, the deputy foreign minister said ASEAN member countries want more Japanese investment so that they can gain technology and expertise in producing industrial goods. Japan should not set up factories in ASEAN countries just because it can hire cheap labor.

ASEAN, Canadian Ministers Meet

BK2707133494 Jakarta ANTARA in English 1010 GMT 27 Jul 94

[Text] Bangkok, July 27 (OANA-ANTARA)—Canada in a bilateral meeting between ASEAN and its dialogue partners Wednesday called for intensified economic cooperation.

Canadian Minister for Foreign Affairs and International Trade Andre Ouellet and Indonesian Foreign Affairs Minister Ali Alatas discussed the possibility of increasing the economic ties.

Following the two-hour meeting, Alatas told the press that Canada emphasized the need to intensify cooperation in the fields of telecommunication, environment, and investment.

Both sides also agreed to strengthen cooperation in the education program and training to develop human resources.

According to Alatas, ASEAN asked Canada to set up an ASEAN-Canada trade promotion centre in Ottawa similar to the one in Singapore.

ASEAN and Canada will form a joint management committee to study and supervise joint projects between the two sides.

Canada, which joins the North American Free Trade Area (NAFTA), and ASEAN with its ASEAN Free Trade Area (AFTA) also agreed to promote the two regional markets and ensure that they will not become trade blocs.

Apart from that, the two sides shared the view on the importance of establishing World Trade Organization (WTO) to help implement the Uruguay Round free trade agreement, Alatas said.

ASEAN and Canada has established economic cooperation since 1982. The agreement was renewed in April 1994 and has been widened to also involve the private sectors of the Canada and ASEAN member countries (Indonesia, Brunei Darussalam, the Philippines, Thailand, Malaysia, and Singapore).

ROK Appears 'Reluctant' on EAEC Issue

BK2807030294 Bangkok BANGKOK POST in English 28 Jul 94 p 6

[By Peter Maitri Ungphakon]

[Text] South Korean Foreign Minister Han Sung-chu appeared yesterday to confirm assessments that his country is reluctant to see the proposed East Asia Economic Caucus [EAEC] develop into anything substantial.

He also indicated Seoul's willingness to see the 18-member Asia Pacific Economic Cooperation (APEC) group develop into a cross- Pacific free trade area.

He was asked to comment on Monday's lunch meeting of ministers from the ASEAN six, China, Japan and South Korea, where ASEAN sought the opinions of the other three on the proposed caucus.

"We will continue to have lunches," he said. "You can consider that as a de facto East Asian countries meeting."

His cryptic comment stopped short of calling the lunch an EAEC meeting. ASEAN and other officials also made clear that it was not an EAEC event because other topics such as the security situation in the Korean peninsula were also discussed.

Mr Han also made clear that as far as South Korea is concerned the priority economic grouping APEC, which includes the United States, Canada, Mexico, Chile, Australia and New Zealand as well as the East Asian economies proposed as possible members of EAEC—ASEAN, South Korea, Japan, China Hong Kong, Taiwan and Papua New Guinea.

With China and Japan also showing reluctance, the chances of EAEC developing much beyond occasional informal lunches now appear to be slim although ASEAN will continue its search for a formula that will allow Malaysian-proposed EAEC to be created without offending outsiders such as the United States.

Japanese officials said after Monday's lunch that nothing should be done that might raise objections from outsiders, clearly a reference to US officials' repeated opposition to EAEC if it "draws a line down the middle of the Pacific Ocean".

On Tuesday, Mr Han made a similar comment in his official statement to the Post Ministerial Conference that ASEAN holds annually with its seven dialogue partners.

"It is in the interest of all economies in the Asia-Pacific to promote trans-Pacific economic interdependence. For this, it is critical to produce some tangible and concrete results out of APEC, the raison d'etre of which is connecting the two shores of the Pacific."

He indicated in his speech that he was concerned not to see the North American Free Trade Agreement (NAFTA) create free trade between Canada, the United States and Mexico at the expense of countries on the Asian side of the Pacific.

He denied yesterday that this was also a veiled criticism of EAEC. "It is not the purpose of EAEC to become a free trade area or a trading bloc. The Malaysians say so themselves."

Mr Han suggested that APEC might be more effective at lowering trade barriers among its members than the ASEAN Free Trade Area (AFTA).

"Maybe APEC will outpace AFTA, and maybe APEC will catch up with NAFTA," he said. Trade liberalisation within APEC is a "long shot" that might be worth trying, he added.

Mr Han has also called for closer ties between South Korea and NAFTA. He explained yesterday that he was not calling for South Korea to join NAFTA but for special trade and investment links between South Korea and the three NAFTA countries.

He added that this would not mean lowering trade barriers bilaterally because "we are all tied to MFN"—the principle of "most favoured nation" of the General Agreement on Tariffs and Trade that frowns on discrimination between signatories except under free trade agreements, regional groupings or other special circumstances.

In a separate briefing yesterday, US Assistant Secretary of State Winston Lord played down his own recent criticism of EAEC. He said his earlier comments had been triggered by information that ASEAN supplied during formal ASEAN-US dialogue meetings in Washington earlier this year.

ASEAN, Partners Urge DPRK To Resume Talks

OW2707152694 Tokyo KYODO in English 1454 GMT 27 Jul 94

[Text] Bangkok, July 27 KYODO—The United States, South Korea, Japan and the Association of Southeast Asian Nations (ASEAN) on Wednesday called on North Korea to resume stalled talks on the nuclear issue as soon as possible.

South Korean Foreign Minister Han Sung-chu also urged Pyongyang to go back to the negotiating table "with the intention of resolving the issue" and to abandon the delaying tactics seen in the past.

The calls were made during a joint press conference at the end of the ASEAN postministerial meeting with the six-member group's dialogue partners from developed countries.

Han said Seoul has not yet received any indication from Pyongyang on when it wants to continue with the Korean summit earlier scheduled for July 25. The meeting was postponed following the death of North Korean leader Kim Il-song earlier in the month.

Han expressed impatience at the "cycle of a long period of attempts to resolve the issue through dialogue" only to have to go back to the U.N. Security Council for sanctions due to Pyongyang's intransigence.

U.S. Undersecretary of State Joan Spero said Washington looks forward to the resumption of U.S.-North Korea talks in Geneva on Aug. 5 following the last round of talks earlier this month, which were cut short by Kim's death.

"We believe North Korea is a threat to regional security and a threat to international security," she stressed, adding the U.S. objective is to see a nonnuclear Korean peninsula and a very strong nonproliferation regime.

Japanese Foreign Minister Yohei Kono, meanwhile, expressed hope that there will be good results from the U.S.-North Korea talks. He noted that if the problem is resolved through dialogue, there will be no need to take other measures into consideration.

Thai Deputy Foreign Minister Surin Phitsuwan also aired the concerns of ASEAN and its partners about the nuclear threat on the Korean peninsula.

"The voice from here is loud and clear...we wish the NPT (nuclear Nonproliferation Treaty) and the IAEA (International Atomic Energy Agency inspections) would be continued and all the commitments of the international mediators would be fruitful so that the Asia-Pacific would be given a chance to move on to other issues of cooperation and growth," he said.

The North Korean issue was among the topics of discussions in the just-concluded round of ASEAN meetings.

At Wednesday's dialogue between ASEAN and its partners, it was noted how little was known about the situation in North Korea and that there is a need to bring Pyongyang back to the negotiating table, an ASEAN official said.

ROK Minister Views DPRK Membership in ARF

BK2807030094 Bangkok BANGKOK POST in English 28 Jul 94 p 6

[Text] South Korea has no objection to North Korea joining the new ASEAN Regional Forum [ARF] on security provided membership does not imply forgiving Pyongyang's possible development of nuclear weapons.

"I think North Korea will eventually join," South Korean Foreign Minister Han Sung-chu said yesterday.

The former political science professor and NEWSWEEK columnist also expressed the hope that a South Korean-proposed Northeast Asian Security Dialogue could be convened formally within the next 12 months.

He then went on to explain South Korea's view of the prospects for easing tension between the North and South following the death of Kim Il-song and the likely appointment of his son, Kim Chong-il, as North Korea's leader.

Mr Han was speaking on the last day of a series of ministerial meetings between ASEAN and other countries that included the first ever session of the regional forum on Monday.

One of Mr Han's messages in his talks in Bangkok this week has been his country's view that a new Northeast Asian security dialogue should be created as a forum for easing tension in that region.

Yesterday he named the United States, Russia, Japan, China and the two Koreas as possible participants.

All except North Korea are also participants in the ASEAN Regional Forum which so far includes the ASEAN six, Vietnam, Laos, Papua New Guinea, the United States, Canada, Russia, China, Japan, South Korea, Australia, New Zealand and the European Union.

The Philippines has proposed inviting North Korea to join at an early stage, but most other participants have greeted the idea unenthusiastically.

US Assistant Secretary of State Winston Lord yesterday echoed Mr Han's argument that the question of North Korea's nuclear weapons would have to be settled first.

South Korea has also proposed linking the Northeast Asian dialogue with the ARF. Mr Han said the proposed link would take the form of reports to the ASEAN group.

He did not think the ARF would be able to handle the Korean conflict directly.

"For one thing, it meets once a year," he said.

In addition, the ARF for the time being is concentrating on broad principles such as making information about arms in the region more readily available and curbing the spread of nuclear arms rather than trying to tackle specific conflicts.

Mr Han said, in his view, the Northeast Asian Security Dialogue need not start with full meetings of all the countries involved.

In a sense, therefore, the North Korean-US talks scheduled for August 6 and the proposed North-South Korean summit are already part of the dialogue.

"We just want to make it a bit more frequent," he said.

He declined to set target dates for formal Northeast Asian Security Dialogue meetings to begin, but he did express a hope that a "multilateral" dialogue involving all prospective participants could be convened before the next ARF meeting in Brunei, probably next July.

"We'll try to start multilateral meetings as soon as feasible. We'll not rush the matter."

Mr Han said there were factors both for and against progress being made towards peace between North and South following the appointment of a new government in Pyongyang.

Kim Chong-il will be less rigid than his "Stalinist" father, he said, but the younger leader might also feel less secure in his position and less confident. This could force him to be more defensive and to yield less.

Some Korean analysts have also suggested that the new North Korean leader might be more susceptible to pressure, particularly from China, which might aid the peace talks.

Mr Han said he did not want North Korea isolated. He said that as soon as the nuclear issue is solved, South Korea will be willing to offer economic cooperation and assistance.

Seoul also wants to see North Korea enjoy an "orderly transition" for its new government, to adopt pragmatic economic policies similar to those of China or Vietnam to engage in constructive talks with the South.

"At the moment it is not happening because of the nuclear issue. So the first thing is to cooperate on the nuclear issue. Unfortunately North Korea thinks it can use the nuclear issue as leverage."

Mr Han rejected suggestions that South Korea might have tried to break the ice by allowing visits by private citizens across the border or by allowing mourners from the south to attend Kim Il- song's funeral.

He said laws prohibiting cross-border travel were based on a history of persistent attempts to destabilise South Korean society that were worse than at the lowest points of US-USSR or Thai- Vietnamese conflicts.

North Korea would simply use such exchanges for that purpose.

"There are no private citizens in North Korea."

The German model of reunification would not work in Korea, he said.

Mr Han said he believed the question of the succession in North Korea was settled and that delays in formal announcements were due to the length of time needed to make other appointments.

South Korea is a formal dialogue partner of ASEAN. Yesterday Mr Han represented South Korea in talks with ASEAN that included a call from the Southeast Asian six for Seoul to open up its markets further.

Verbal 'Urgent Appeal' on Bosnia Issued

OW2707144094 Tokyo KYODO in English 1420 GMT 27 Jul 94

[Text] Bangkok, July 27 KYODO—The Association of Southeast Asian Nations (ASEAN) and its seven dialogue partners Wednesday [27 July] issued "an urgent appeal" to the Bosnian Serbs to accept the peace plan of the contact group by the Friday deadline.

The statement was issued verbally at the end of the annual meeting of the foreign ministers of ASEAN and its dialogue partners, including the United States and the European Union (EU). It said the foreign ministers "urgently appealed to the Bosnian Serbs to accept without conditions and without delay the contact group's plan."

The peace plan of the contact group, comprising Russia, the U.S., France, Britain, Germany and the EU, proposes that 51 percent of Bosnia be carved out for the Croats and the Bosnian Muslims, while the Serbs get the rest. The plan had been rejected by the Serbs but the deadline for acceptance has been extended till Friday. The contact group will holding a meeting on Bosnia Saturday in Geneva.

The statement said the foreign ministers discussed the situation in Bosnia and commended the contact group's efforts to seek an acceptable solution to the crisis.

Informed sources said the EU delegates at the ASEAN meeting had taken the lead in pushing for a strong statement on Bosnia from ASEAN and its seven dialogue partners during the ASEAN meeting.

The foreign ministers also hailed the "historic settlement" just concluded between Jordan and Israel, saying, "it presented a courageous step of hope and vision for the peace and benefit of the people of Jordan and Israel, and the region at large."

The foreign ministers also congratulated King Husayn of Jordan, Israeli Prime Minister Itzhaq Rabin and U.S. Secretary of State Warren Christopher for the peace settlement. ASEAN groups Brunei, Indonesia, Malaysia, Philippines, Singapore and Thailand. Its seven dialogue partners are the U.S., Canada, Japan, South Korea, Australia, New Zealand and the EU.

Badawi Views ASEAN Peace Proposal for Bosnia

BK2807062594 Kuala Lumpur BERNAMA in English 0329 GMT 28 Jul 94

[By E.Sivabalan]

[Excerpts] Bangkok, July 28 (OANA-BERNAMA)—The Association of Southeast Asian Nations (ASEAN) and its seven dialogue partners Wednesday unanimously called on the Serbs to accept the peace proposal for Bosnia-Herzegovina initiated by the contact group without conditions and without delay. [passage omitted] Speaking to Malaysian reporters later, Foreign Minister Abdullah Ahmad Badawi said at the moment, the ASEAN foreign ministers and their dialogue partners—comprising the United States, Canada, New Zealand, Australia, Japan, the European Union and South Korea—felt that the current initiatives by the contact group was a good move because the Bosnian themselves have accepted the proposal.

But it looks now that the Serbs don't want to accept the proposal...That is why we are appealing to them to accept the peace proposal, he said.

He said if the Serbs rejected the proposal again, then we have to think of other serious actions.

Japan's Kono Views Thai Quest for WTO Role

BK2807051094 Bangkok THE NATION in English 28 Jul 94 pp B1, B2

[Text] Japan's Foreign Minister Yohei Kono yesterday expressed support for Thailand's proposal that it take up the chairmanship of the World Trade Organization's (WTO) Agriculture Committee, while pledging backing for Singapore to host the first WTO ministerial meeting.

Geneva has been tentatively chosen as the headquarters of WTO, successor to the General Agreement on Tariffs and Trade (Gatt).

Thailand's bid for the chairmanship of the Agricultural Committee signifies the country's intention to elevate its status in the world trade body.

The country is one of the world's largest exporters of farm products and a member of the Cairns Group which pushed for free trade in farm products in the Uruguay Round.

Assistant US Secretary of State Winston Lord said he is not yet aware of the proposal, but added that the US will base the decision on the location it prefers for the WTO headquarters on effectiveness and financial soundness.

Lord hailed the Asia-Pacific Economic Cooperation (Apec) as the most promising forum for closer economic cooperation in the region.

Meanwhile, Japan yesterday called on its ASEAN trade partners to play a larger role in bolstering their regional economies and to ease restrictions on foreign investment. The Japanese foreign minister has also pledged that an easing of regulations in Japan will result in more imports from Asean, the Associated Press and AFP reported.

Kono, speaking in a closed-door meeting at the ASEAN Post Ministerial Conference (PMC) here, said ASEAN would have to address such "growth-restrictive factors" to keep Asia-Pacific economies on track, according to a transcript of his remarks.

Kono highlighted restrictions on foreign investment and a lack of infrastructure as problems.

According to the statement, he also said ASEAN nations should be "expected to transfer their own experiences and knowhow in economic development to countries like Vietnam."

ASEAN representatives asked Japan to settle its trade framework negotiations with the United States and increase its imports of ASEAN-made products, a Japanese spokesman said.

ASEAN is Japan's fourth-largest trading partner. Last year, trade between Japan and ASEAN totalled $83.5 billion and was 2.9 times greater than in 1986, according to Japanese figures. Kono said Asean is expected to prepare itself for direct investment and technical transfer and to improve technical standards. Japan is willing to co-operate in fields of technology and financing.

A stronger education system in each member country of Asean was also mentioned, since the shortage of human resources is an impediment to economic development. He said Japan will help develop human resources by accepting trainees and students.

In a separate bilateral discussion with the Vietnamese Foreign Minister Nguyen Manh Cam, Kono said Japan would continue to invest in the region, a foreign ministry official told reporters.

Kono later warned his ASEAN counterparts in the PMC that Japan "cannot be optimistic about (its) economic recovery."

In a meeting with ASEAN officials, Yohei Kono noted that Japan's trade surplus with the six-member regional group has been growing since 1989, and said Japan recognizes that a better balance is important.

Rapid economic growth in the ASEAN countries has encouraged demand in the region for Japanese products, while an economic slump in Japan has reduced overall Japanese consumption.

Japanese exports of factory equipment and partially finished products to the region have also surged as many Japanese manufacturers have built plants in Southeast Asia to escape high production costs in Japan caused by the yen's rise.

Singapore, speaking for the six ASEAN countries in Wednesday's meeting, said access to Japan's market had improved, but asked for greater market-opening efforts, a Japanese Foreign Ministry official said.

It also asked Japan to buy more manufactured goods from the region, the official said.

Kono explained that Japan is striving to stimulate its domestic economy by reducing its maze of bureaucratic regulations.

" This will definitely increase the import of finished products from the ASEAN countries," Kono said in prepared remarks.

Alatas Criticizes Interference in E. Timor Issue

BK2807015394 Jakarta ANTARA in English 1752 GMT 27 Jul 94

[Excerpts] Bangkok, July 27 (OANA/ANTARA)—ASEAN's meeting with its dialog partners ended Wednesday evening with a call on Bosnian Serbs to accept the peace plan of the international group for Bosnia-Herzegovina. [passage omitted]

Replying to reporters' questions on East Timor, Indonesian Foreign Minister Ali Alatas criticized parties who knew nothing but talked about East Timor as if they were experts on the problem.

He said "In order to be able to talk correctly about East Timor one should first understand its history of the past 17 years . Without this knowledge nobody should write or talk about East Timor as if he is an expert."

He stated Indonesia had never exerted any pressure on the Philippines and Thai Governments in connection with the staging of "seminars" on East Timor in their respective country.

What the Indonesian Government had done was merely showing facts that proved the "seminars" were disguised efforts at propaganda by a few people who claimed to represent the people of East Timor, he said.

"Their ulterior aim was to intervene in the affairs of a fellow ASEAN member country," he said.

"Should the unity of ASEAN—forged for more than 20 years with great difficulty, be allowed to be disturbed by such a tiny group's activities," he asked.

He warned that once ASEAN let outside parties conduct moves aimed at intervening in the internal affairs of a member country, a variety of similar moves with different forms and targets would be further disturbing the unity of ASEAN.

"No member country would obviously wish this to happen," he said.

The closing of the PMC [post-ministerial conference] marked the end of the 27th Meeting of ASEAN Foreign Ministers which began last Friday. [passage omitted]

Singapore Foreign Minister on ASEAN, SRV

BK2707153494 Singapore Singapore Broadcasting Corporation in English 1400 GMT 27 Jul 94

[Text] Foreign Minister, Professor S. Jayakumar, said ASEAN has entered a new phase in its development. This is launched by four important factors. One is economic aspect as ASEAN is looking at a wider role through APEC. The flip side to this, the security aspect, is the just-launched ASEAN Regional Forum, ARF, which is an ASEAN initiative and an extremely important step forward. The third factor is ASEAN's membership which is about to expand to admit Vietnam while Laos and Cambodia have indicated interest. Prof. Jayakumar said the fourth factor is that in the ARF there was an endorsement of the Treaty of Amity and Cooperation. Prof. Jayakumar was speaking to the Singapore media at the end of the ASEAN Post-Ministerial Conference [PMC] in Bangkok.

On Myanmar [Burma], Prof. Jayakumar said a significant development in the PMC discussions was the vindication of ASEAN's position of constructive engagement. Countries, which were previously critical or opposed to the policy, have moderated their positions in varying degrees.

Turning to the European Union, he said Singapore welcomes the EU's broad approach to Asia which presents many opportunities for cooperation between the EU and Asia.

After the PMC meeting, Singapore will assume the role of ASEAN coordinator on EU relations from the Philippines.

The situation in Bosnia and the Middle East peace process also featured prominently in the ASEAN Post-Ministerial Conference. The PMC made an appeal to the Bosnian Serbs to accept without delay and conditions the peace plan for Bosnia.

On the historic peace settlement between Jordan and Israel, the foreign minister said it represented a courageous step of hope and vision.

German Official Unveils 'Concept for Asia'

BK2807062194 Bangkok BANGKOK POST in English 28 Jul 94 p 7

[Text] Germany yesterday confirmed it wants to take part in decision-making at the United Nations but refused to link the aspiration with its new "Concept on Asia."

Fritjof von Nordenskjold, director-general for economic affairs of the German Foreign Ministry, presented "The Federal Government's Concept for Asia" to reporters.

Mr von Nordenskjol described the 22-page document, debated in the German Parliament in October and released at the end of 1993, as "input' for the European Union's new strategy for Asia, which is currently under discussion.

Germany ascended to the six-month, rotating presidency of the European Union on July 1.

The 32-page EU document, which passed Commission consideration on July 13, is due to be discussed at an EU-ASEAN ministerial meeting to be held in Karlsruhe in September.

If it was to be adopted the EU document would require endorsement by EU leaders due to attend a summit in Essen in October.

"There is no new aspiration," the senior German official said, when asked if there was any link between the comprehensive Concept and Germany's known wish to secure a permanent seat at the UN Security Council.

"After unification, the world is looking toward Germany, saying now you have got rid of your national problems. You are the strongest country in Europe."

Mr von Nordenskjold said people were looking towards Germany to send troops for peacekeeping operations, money, "and so on and so on".

"The Americans have this nice saying, no taxation without representation. So if the United Nations is taking the decision about how to solve the world's problems we of course would like to be part of the decision-making process," he said.

The United States, Britain, France, China and Russia are currently permanent members of the UN Security Council.

Besides Germany, Japan is also seeking a seat alongside the world body's top decisionmakers.

Mr von Nordenskjold described the Concept as an attempt by the federal government to create a framework for German industry and business to "be a better partner for our Asian friends."

The document covers questions of trade, scientific and technological cooperation, the environment and human rights. It also speaks of cooperation in development and education, touches on German foreign policy and lists the "tasks of security policy."

Mr von Nordenskjold affirmed that Germany supported free and fair trade and technical training. He stressed a need for a "level playing field" and spoke against trading partners applying "in excess" their comparative advantage in cheap labour.

"A sound world market cannot live if someone tries to keep extreme advantage over a long time," he said.

He maintained that the World Trade Organisation (WTO) was the place for settling labour issues although the International Labour Organisation was among a number of forums where they could be discussed.

Mr von Nordenskjold confirmed that unemployment was a vital task which Germany would have to tackle during the term of its EU presidency.

The EU document—Towards a New Asia Strategy calls for a comprehensive approach towards Asia that covers political, economic and cooperation aspects.

The document urges the EU to accord Asia a higher priority to deepen and widen dialogue with countries in the region.

It also calls for the EU to cultivate political dialogue with Asian countries prepared to make a significant contribution to the maintenance of peace within the region and global.

It stresses the importance of arms control and non-proliferation. It calls human rights issues an integral part of political dialogue.

Greater emphasis should be placed on opening the market for trade in goods and services, it said.

The EU should select priority sectors which reflect its own comparative advantage, it adds, pointing to banking, energy, environmental technologies and telecommunications.

The document urges EU help for integration into the open world trading system economies moving from state control to market-oriented systems, such as China, India, Vietnam or Pakistan.

West Officials View Arms Supply to Phnom Penh

BK2807031094 Bangkok BANGKOK POST in English 28 Jul 94 p 6

[By Nusara Thaithawat]

[Text] Western powers attending the ASEAN talks following the ministerial meetings have refused to rule out the possibility of supplying arms to Cambodia to settle problems with the Khmer Rouge.

But the United States, France and Australia stressed the need to first reorganise Cambodia's newly-formed national army and strengthen the elected government in Phnom Penh in order to ensure corruption and poor discipline do not lead to arms leaking to the Khmer Rouge.

"Arms supplies could be included," said Assistant US Secretary of State for East Asia and Pacific Affairs Winston Lord.

The French Minister for European Affairs, Alain Lamassoure, said France was already providing non-lethal military assistance to Cambodia in the form of training on a bilateral basis and "this aid could even include delivery of arms".

Both ministers stressed that arms supply was not a priority at this point but reorganisation of the army and civil administration was.

The Khmer Rouge, meanwhile, urged the US, France, Australia and "certain other countries" to halt military aid to Phnom Penh, according to an AFP report.

"If they do not stop supplying military aid and military personnel, then the Provisional Government for National Solidarity and National Salvation of Kampuchea has the right to buy arms and seek military assistance abroad for self-defence," said Khmer Rouge nominal leader Khieu Samphan in a guerrilla radio broadcast monitored in Bangkok.

The Khmer Rouge formed the provisional government in the northern Cambodian province of Preah Vihear after the National Assembly passed a bill early this month outlawing them.

Non-lethal military assistance to Cambodia was discussed extensively during talks from July 26-27 between the six ASEAN members and their seven dialogue partners. This set off a whole debate on the interpretation of the Paris Peace Agreements, concluded on October 23, 1991 as to whether outside military assistance to Cambodia was consistent with the agreements.

Mr Lamassoure said there were some differences of interpretation of the agreements.

"But we consider that the Paris Agreements allow for the sale of arms," he said.

Thailand's position, made known through Foreign Minister Prasong Sunsiri and other senior officials, states that such assistance is not consistent with the agreements and would only escalate the fighting in Cambodia.

Many of the countries taking part in the talks agreed to the need to coordinate military assistance to the elected government through their embassies in Phnom Penh as proposed by Australian Foreign Minister Gareth Evans.

Mr Lord said such coordination would maximise the benefits of the aid and would also avoid duplication.

Indonesian Foreign Minister Ali Alatas and his Malaysian counterpart, Abdullah Ahmad Badawi, said at the end of the talks that their countries were ready to provide non-lethal military assistance in the form of training and supplies.

Canada and the US emphasised reconstruction of the war-torn country to undermine the political appeal of the Khmer Rouge.

Mr Lord said economic assistance to improve the quality of life in Cambodia was "the one single most important and long-term" strategy in resolving the Khmer Rouge problem.

The two other strategies cover training for the army and cutting off outside assistance for the Khmer Rouge.

France agreed to the US position.

Mr Lord said no specific suggestions had been made to Thailand as to how to cut off the Khmer Rouge. The US welcomes Thailand's stated support for the elected government and its policy to seal off the border.

He also said that while the Thai-Cambodian border was "long and difficult", contact with the Khmer Rouge and the Thai military may still be maintained at the local unit level but that the US understood that it was not a policy of the Thai military.

Mr Lord was responding to a question on US intelligence assessments of how far up in the Thai military chain of command Khmer Rouge links went.

The Cambodian army as it stands today is composed of forces from the former State of Cambodia, the Sihanoukist Army and the small army of the Khmer People's National Liberation Front and its branch, the Khmer People's National Liberation Armed Forces.

It is estimated to have some 130,000 members, 2,000 of whom are five-star generals.

Japan

Tokyo, ROK on DPRK Nuclear Dispute

OW2807112494 Tokyo KYODO in English 1109 GMT 28 Jul 94

[Text] Tokyo, July 28 KYODO—Senior diplomats from Japan and South Korea [ROK] reconfirmed Thursday [28 July] the need for joint action in urging North Korea to dispel international suspicions over its nuclear program, Foreign Ministry officials said.

The two sides reached the agreement in an annual high-level diplomatic meeting, the officials said.

Hiroshi Fukuda, deputy foreign minister in charge of political affairs, headed the Japanese delegation while the South Korean Foreign Ministry's assistant minister for political affairs, Choe Tong-chin, led the South Korean side.

In the talks, the Japanese and South Korean diplomats agreed it is important to have North Korea completely return to the nuclear Nonproliferation Treaty (NPT) and fully implement the safeguards treaty under the International Atomic Energy Agency (IAEA), the officials said.

They also agreed on the importance of implementing a joint declaration signed in 1992 between South and North Korea on denuclearization of the Korean peninsula.

Turning to the scheduled third round of negotiations between the United States and North Korea next week, Japan and South Korea agreed that financial and technical assistance to help North Korea replace its outdated graphite-moderated reactors with light-water reactors will be discussed.

But the two sides apparently expressed a cautious stance on the assistance.

The officials said the two sides agreed it is important to solve the nuclear dispute "fundamentally," including North Korea's past nuclear developments, even if the international community decides to offer financial and technical aid.

Also in the meeting, which lasted more than two hours, the South Korean side told their Japanese counterparts Seoul does not have any grounds to confirm remarks by a North Korean defector Wednesday that North Korea already has five nuclear weapons and will develop five more soon, the officials said.

The South Korean side was quoted as saying the defector, Kang Myong-to, who claims he is a son-in-law of the North Korean premier, told a press conference the information he "heard" in North Korea.

It also said the South Korean Government has no proof that North Korea possesses nuclear weapons.

On the power shift to Kim Chong-il following the death of North Korean leader Kim Il-song, the diplomats agreed that moves toward the establishment of the junior Kim's leadership can be seen but it is necessary to watch development closely, the officials said.

They also agreed that when Kim Chong-il becomes leader, he is likely to continue with his father's policies for the time being.

The Japanese side expressed hope that the new North Korean leadership will tackle various problems through dialogue and negotiations to ensure peace and stability on the Korean peninsula, they said. [In a similar report, Seoul YONHAP in English at 1131 GMT on 28 July adds: "Regarding a defector's claim that North Korea has five nuclear bombs, [ROK Foreign Ministry official] Choe said the defector simply spoke of what he heard in North Korea.

"My government has no concrete evidence that substantiates any possession by North Korea of nuclear arms," Choe added."]

Tokyo, U.S. To Resume Trade, Procurement Talks

Talks To Resume 28 Jul

OW2807001394 Tokyo KYODO in English 2319 GMT 27 Jul 94

[Text] Washington, July 27 KYODO—Japan and the United States will resume trade talks on Thursday [27 July] in an effort to resolve disputes over Japanese Government procurement practices and avert potential U.S. trade sanctions, U.S. and Japanese officials said.

Senior officials from the two countries met in Hong Kong last weekend but reported no tangible progress in their negotiations.

The U.S. has set July 31 as the deadline for deciding whether to officially cite Japan for unfair trade practices, a move that would result in U.S. trade sanctions unless a settlement is reached within two months.

At issue is a U.S. allegation that the Japanese Government discriminates against U.S. and other foreign firms in government procurements of telecommunications and medical equipment.

The U.S. Government has been negotiating with Japan on the issue since September last year, but talks have floundered over how to set what the U.S. calls "objective criteria" in measuring the progress of foreign businesses in the Japanese market.

As in the previous round of negotiations that took place in Hong Kong over the weekend, the Japanese negotiating team in Washington will be headed by Deputy Foreign Minister for Economic Affairs Sadayuki Hayashi.

U.S. officials said Hayashi is expected to meet with his U.S. counterpart, Deputy U.S. Trade Representative Charlene Barshevsky, shortly after his arrival in Washington Thursday afternoon.

The opening round Thursday is expected to be a brief face-off focusing on procedural matters, with comprehensive negotiations likely to take place on Friday, sources close to the Japanese negotiation team said.

The negotiations, Japanese sources said, may stretch through Saturday or even Sunday until the two sides exhaust all their options.

While Barshevsky is the principal U.S. negotiator on the procurement issue, U.S. Trade Representative Mickey Kantor may also play a direct role through a face-to-face meeting with Hayashi.

"We are always delighted to meet with our Japanese friends," Kantor told KYODO NEWS SERVICE Wednesday, when asked whether he has plans to meet with Hayashi.

Tokyo Proposes Compromise

OW2807042294 Tokyo KYODO in English 0347 GMT 28 Jul 94

[Text] Tokyo, July 28 KYODO—The Japanese Government has drawn up a new compromise on procurement of foreign telecommunications and medical equipment in the framework trade talks, government sources said Thursday [28 July].

The new proposal came just before the July 31 deadline set by the United States to begin steps toward sanctions under the 1998 Trade Act.

Japan will ease rules for auctioning in cases that not only focus on prices but also technological aspects and functions, the sources said, which should provide more opportunity for foreign companies to join the auctioning.

Currently such considerations are given to cases worth more than 800,000 special drawing rights [SDRS] (about 136 million yen), but under the new proposal, the Japanese Government is willing to bring the figure down by 25-50 percent in one or two years, they said.

The U.S., however, previously suggested lowering the level to 250,000 SDRS.

Japan will propose the plan at a vice ministerial meeting to be held from Thursday in Washington, the sources said.

With respect to the "objective criteria" to measure Japan's market access situation, Tokyo has maintained that it ought to be applied only to evaluate past performances, whereas the U.S. has urged to set future goals pledging a prominent increase.

The sources said the U.S. request could lead to managed trade and Japan is hoping an agreement can be reached on the procurement talks by Tokyo compromising on conditions for the auctioning.

Murayama: Decision 'Unlikely'

OW2707131794 Tokyo SANKEI SHIMBUN in Japanese 25 Jul 94 Evening Edition p 3

[Text] On the morning of 25 July, Prime Minister Tomiichi Murayama said the Japan-U.S. economic framework negotiations on government procurement are unlikely to be settled before the 31 July deadline. Murayama stated: "It seems quite difficult. We are trying hard to reach a settlement within this month, but it is not easy to manipulate the future course of the negotiations." Murayama told this to reporters after receiving a briefing from Deputy Vice Foreign Minister Sadayuki Hayashi, who led the delegation to the Japan-U.S. trade talks in Hong Kong.

In a news conference held on the same day, Chief Cabinet Secretary Kozo Igarashi noted the government procurement negotiations would reach a turning-point in the next several days, saying: "(The government) is finalizing its plan in consideration of the very difficult situation. While the negotiations still face a few problems to be overcome, they are heading for settlement. I guess it would take a couple of days to ascertain the future direction of the negotiations."

Kono Returns After Meeting ASEAN Ministers

OW2807120194 Tokyo KYODO in English 1150 GMT 28 Jul 94

[Text] Tokyo, July 28 KYODO—Foreign Minister Yohei Kono returned home Thursday [28 July] from Bangkok where he attended a meeting between the Association of Southeast Asian Nations (ASEAN) and its dialogue partners and a regional forum on security.

* Editorial on ASEAN Forum on Asian Security

942A0501A Tokyo ASAHI SHIMBUN in Japanese 26 Jul 94 p 5

[Editorial: "Asian Security Dialogue That Has Just Begun"]

[Text] An Association of Southeast Asian Nations (ASEAN) regional forum was held in Thailand's capital of Bangkok to discuss Asian Pacific security in the post-Cold War period.

The forum was held for only three hours, did not involve preparation of a detailed agenda, and assumed the format wherein participating nations were free to take the floor as they saw fit.

In that respect, there were no concrete achievements recorded and perhaps the evaluation was that the forum left attendees dissatisfied. However, the forum has gone no further than its beginning phase. Its potential should be examined from a different, long-range perspective.

The crucial aspect of the forum is that it provided an arena where foreign ministers of 18 nations and systems gathered for the first time in history to discuss regional security.

Participating nations included China, Russia, and Vietnam, which were hostile to ASEAN during the Cold War period, and included nations that even now are considered as representing an underlying threat.

We should recognize the historical significance underlying the fact that these nations gathered around one table with the common objective of boosting mutual trust and overcoming potential disputes before they arise.

Ever since its inception in 1967, ASEAN disliked being involved in disputes of major nations and treated politics and security issues as forbidden topics. Now that ASEAN has gained some confidence in its sense of unity, perhaps it can be said that a change in policy is only natural, but, in reality, it made a decision to launch the forum because of a "power vacuum" created as a result of the collapse of the Cold War structure and the fear that regional security may be compromised.

The greatest potential threat to ASEAN is China. Although ASEAN is intrigued by the rapidly growing Chinese market, it cannot completely eliminate its vague but growing underlying fear concerning China. Further, its fears are inflated by sharply rising military spending and provocative actions on the part of China concerning territorial rights over the Spratly Islands in the South China Seas.

Vacillating U.S. Asian diplomatic policy has created some of the concern by ASEAN. Although ASEAN opposes the U.S. policy of combining human rights issues and economic issues, it feels that the U.S. presence is indispensable for regional stability. However, the United States seems to have intensified its isolationist stance and ASEAN questions its long-term commitment.

You might say that recent military expansions taking place among ASEAN countries reflect the flip side of those anxieties.

In the foreign ministers conference held in advance of the forum, Vietnam's membership in ASEAN was agreed to in principle. The foreign ministers conference was attended by 10 ASEAN nations, including the three Indochinese countries and Burma, and the concept of forming a "Southeast Asian Cooperative Organization" composed of those nations was launched.

These moves can be considered as an effort to deal with major nations through a uniform front comprising ASEAN nations concurrent with the expansion of the economic zone. However, if the joint organization takes the form of encircling China, it may destabilize the region.

Nations participating in the forum are diverse in terms of economic strength, political systems, culture and history. If this reality is disregarded and a premature discussion is held on conflicting interests, there is the risk that the organization will disintegrate.

More than anything else, it is critical that they establish transparency in the military potential of each nation in the region with a view to enhancing a mutual "sense of security." At the forum, Japan stressed that it would not become a military giant and proposed each nation publish a national defense white paper and the promotion of interchange among defense officials, but now is the time for participating nations to continue with such basic efforts.

We should not seek premature results, but search for opportunities to cultivate confidence through continuing dialogue. Assumption of such a course should provide for the shortest route to the conduct of forums of a productive nature.

Tokyo, Kuala Lumpur Agree To Joint Ventures

OW2707091994 Tokyo KYODO in English 0859 GMT 27 Jul 94

[Text] Kuala Lumpur, July 27 KYODO—Japanese and Malaysian business leaders agreed Wednesday [26 July] to explore the possibility of teaming up and entering into "trinational" ventures in developing countries.

The decision was taken at the end of a two-day 17th annual meeting of Japan-Malaysia Joint Economic Associations, which issued a statement saying the move will "spearhead" cooperation in reaping opportunities in emerging Asian markets.

Delegates said recent ventures by Japan's Mitsubishi Motors Corp. and Malaysian automaker Proton to produce or assemble cars in China and Vietnam in cooperation with domestic companies should be emulated by other firms. "This means stronger efforts can be made, there will be less waste and more efficiency," Masami Ishii, president of the Japanese association and senior adviser to Mitsui and Co., told a news conference.

Kono To Attend Prospective EAEC Members Lunch

OW2307101394 Tokyo KYODO in English 0929 GMT 23 Jul 94

[Text] Bangkok, July 23 KYODO—Japan has agreed to join ASEAN's proposed luncheon for prospective members of the East Asian Economic Caucus (EAEC) on Monday, Japanese officials said Saturday.

Japanese Foreign Minister Yohei Kono will attend the luncheon, which will also involve the foreign ministers of ASEAN, China and South Korea. The Association of Southeast Asian Nations (ASEAN) is comprised of Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

ASEAN tried to keep their plan for the luncheon low key and ASEAN secretariat officials earlier denied that ASEAN was planning a luncheon exclusively for EAEC members.

Japanese officials said the main reason for Japan's willingness to attend the luncheon is that although the participants are limited to prospective members of the EAEC, the luncheon is not exclusively an EAEC function.

They said Japan has been informed that the luncheon will discuss a range of issues such as regional issues, the ASEAN Regional Forum on security and other issues of common interest, including the EAEC.

They stressed that Kono's presence at the luncheon does not mean that Japan has agreed to join the EAEC, which was first proposed by Malaysian Prime Minister Mahathir Mohamed.

ASEAN foreign ministers decided during their annual meeting here Friday and Saturday to hold an informal luncheon with prospective members of the EAEC in a bid to persuade Japan to join the EAEC.

Japan has been reluctant to join the EAEC so far because of opposition from the United States, which is excluded from the EAEC.

Tokyo, EU Agree To Begin Deregulation Dialogue

OW2807011394 Tokyo ASAHI SHIMBUN in Japanese 26 Jul 94 Morning Edition p 11

[Text] Japan and the European Union (EU) have agreed to inaugurate an arena of regular working-level consultations to discuss ways of pushing for deregulation. The arena, called "the Japan-EU Cooperative Dialogue in the Area of Deregulation," will start in September. The Japan-EU high working-level talks, to be held in Brussels for two days from 26 July, will decide on its inauguration formally. Deregulation is also being dealt with in the sector-by-sector negotiations of the new Japan-U.S. economic framework talks. Another reason for Japan to expand its dialogue with the EU is to restrain the United States from putting rash pressures on Japan.

A spokesman for the European Commission, in a news conference on 25 July, said that "a Japan-EU joint working group to discuss deregulation in Japan will be launched within the next several weeks." The Japan-EU dialogue will hold working-level meetings for on exchange of views, with specialists concerned attending, at the rate of once a month. The Japanese Government, which is drawing up a five-year plan on deregulation programs, wants to find out what the EU is currently thinking.

Concerning deregulation in Japan, the EU last March notified the Japanese Government of 32 "items of concern" that included areas of telecommunications, financial services, and distribution. Deregulation measures announced by the government at the end of June covered some of the points raised by the EU. For instance, whereas a regulation required large retailers to wait for a certain length of time after receiving a license to sell liquor before actually starting to sell beer, the government decided that imported beer should be excluded from such regulation. The government is expected to take up 12 additional areas in the dialogue.

In discussing the EU's position, a ranking official of the bureau in charge of foreign economic relations said, "To see the history of deregulation that has come with the merger of the EU, it is clear that Japan's deregulation needs to take place over the mid- to long-term." He asserted that the dialogue is aimed at "reaching mutual understanding and resolving issues through time-given dialogue. The EU is not applying the get-tough policy used by the United States in the negotiations. In fact, the EU is expected to warn about Japan treating the United States favorably in the new Japan-U.S. economic framework talks.

But while Japan and the EU may agree on "restraining the United States," the EU had a large deficit of some $26.3 billion against Japan at the end of 1993. If Japan does not push for market liberalization fast enough, it is possible that the EU will choose to act in concert with the United States.

Areas of Concern to the EU on Japan's Deregulation

1. Industrial standards (simplification of standards and approval procedures)

2. Regulations on processed food (revision of regulations concerning additives, etc.)

3. Regulations on sanitation and quarantine

4. Regulations on construction

5. Regulations on mergers and acquisitions of businesses

6. Regulations on telecommunications

7. Customs clearance procedures (24-hour service by major customs offices)

8. The financial service sector (bank, securities, and insurance services)

9. Regulations on legal services (lawyers with qualifications from other countries, and other points)

10. Regulations on the distribution sector (problems with the Large-Scale Retail Store Law and other points)

11. Regulations on transportation (air, surface, and ground)

Embassy in Haiti Evacuated, Awaiting Developments

OW2807071694 Tokyo KYODO in English 0656 GMT 28 Jul 94

[Text] Rio de Janeiro, July 27 KYODO—Japan evacuated its embassy in Haiti on Wednesday as anticipation grew of a U.S. military intervention to topple the Caribbean state's repressive military government.

Charge d'affaires Tadaharu Chichii and Third Secretary Katsunori Kurita left on an Air France flight for the neighboring Dominican Republic, where they will await further developments, Japanese officials said.

Tokyo decided to withdraw its diplomats to ensure their safety, the officials said.

No international flights will serve Haiti from Saturday, when Air France, the last remaining airline to fly to Haiti, will suspend its flights in line with tightening U.N. sanctions.

While the German Embassy in Haiti closed down in March, the United States, Canada, Mexico and several other countries plan to maintain their diplomatic presence there for the time being, officials said.

Tokyo To Donate 20 Million Yen to Rwandan Relief

OW2807105694 Tokyo KYODO in English 1033 GMT 28 Jul 94

[Text] Tokyo, July 28 KYODO—Japan will extend about 20 million yen in assistance to two French charity groups operating in Rwanda, Tanzania and Zaire to help Rwandan refugees suffering from a cholera epidemic, Foreign Ministry sources said Thursday [28 July].

Medicins Sans Frontieres (Doctors Without Borders) and Pharmaciens Sans Frontieres (Pharmaceutists Without Borders) will receive up to 9.9 million yen and 9.8 million yen respectively, the sources said.

The latest aid is separate from a package worth 32.3 million dollars (3.2 billion yen) that the Japanese Government pledged earlier this week to help the refugees, they said.

Officials from the Japanese Government and the two groups signed documents on the aid in Nairobi, they said.

The money will be used to purchase food and medicine for cholera, which will be distributed to refugee camps in Goma and Zaire, and in western Rwanda, they said.

More than two million Rwandans have streamed across the border into Zaire and other neighboring countries because of civil war. Cholera has claimed nearly 20,000 people.

Tokyo is considering extending further aid to other nongovernmental organizations helping Rwandans, the sources said.

SDP Announces 'Historic' Policy Changes

OW2807102294 Tokyo KYODO in English 1013 GMT 28 Jul 94

[Text] Tokyo, July 28 KYODO—The Social Democratic Party (SDP) on Thursday put an official seal of approval on a historic change in its key policy, throwing off its traditional pacifist slogans.

The SDP's central executive board endorsed a draft of new policy guidelines declaring the party no longer regards Japan's Self- Defense Forces (SDF) as unconstitutional and accepts the U.S.-Japan Security Treaty, party officials said.

The platform also made clear the party now approves of the Hinomaru Flag as the national flag, Kimigayo as the national anthem and countenances nuclear power plants.

The step represents the party's official endorsement of recent Diet remarks by Prime Minister Tomiichi Murayama announcing dramatic changes in basic policy.

Murayama, SDP chairman, heads a coalition government with the SDP's former ideological archrival, the Liberal Democratic Party (LDP), and a tiny LDP splinter group, New Party Sakigake.

The platform will be submitted for approval at a party congress slated for Sept. 3.

In justifying the fundamental changes in the SDP's priority policies, the party pointed to the end of the Cold War era, a drastic change in the nation's political landscape and the SDP's weighty position in the ruling coalition.

Against the backdrop of these circumstances, the party says it now believes the SDF is "within the boundaries of the Constitution" as "the minimum necessary working organization for self-defense." The endorsement of the SDF as a constitutional entity is the first from the SDP.

It had long argued that Japan's military machines violate the Constitution and once called for scrapping them.

The party also said it will maintain the security treaty with the United States.

By so saying, the SDP abandoned its traditional policy of seeking Japan's neutrality. It nevertheless kept its goal of creating an unarmed nation as "the ultimate ideal of human beings," calling "unarmed neutrality" a long-term goal that Japan should seek in line with the war-denouncing Constitution.

But the party admitted the nonalliance slogan has played out its historical role.

On another controversial issue, the SDP acknowledged the Hinomaru and Kimigayo have been firmly established among people as the national flag and anthem.

The SDP had criticized both, particularly the emperor-praising Kimigayo, as remnants of Japan's military rule before and during World War II.

The party, however, said it opposes forcing people to hoist the flag, saying it would "narrow options for individuals."

As for nuclear power plants, which the SDP previously opposed, the party said nuclear energy should be approved as "transitional energy" until alternative energy sources are established.

SDP To Discipline Independent Voting Members

OW2807091394 Tokyo KYODO in English 0857 GMT 28 Jul 94

[Text] Tokyo, July 28 KYODO—The Social Democratic Party (SDP) leadership recommended Thursday [28 July] the party expel one member and caution 27 others for refusing to vote for party Chairman Tomiichi Murayama during a Diet ballot to choose a prime minister in June.

The party's Central Executive Committee recommended its disciplinary panel expel Minoru Kawashima, who earlier offered to quit the party to take responsibility for defying a party leadership instruction to vote for Murayama.

Kawashima, a House of Representatives member, was one of nine SDP upper and lower house members who voted for former Prime Minister Toshiki Kaifu in the June 29 ballot in the lower house.

Murayama was elected as Japan's first socialist prime minister in 47 years in a runoff against Kaifu, who was supported by the former ruling coalition.

The SDP committee rejected offers to resign as committee members from two other lower house members, Policy Board Chairman Nobuyuki Sekiyama and Labor Bureau Chief Shoichi Tanaka, who twice submitted blank ballots in the voting.

Instead, the party decided to have the two continue serving on the committee.

The measures are a departure from normal party regulations and are an attempt to give priority to maintaining party unity in support of the Murayama administration.

At a press conference to announce the decision, Kazo Watanabe, director of the party's General Affairs Bureau, said party members wanted to prevent any division within the party "in order to develop the Murayama administration."

In the first round of the ballot, eight of the party's lower house members and one from the upper house voted for Kaifu, and 16 of its lower house and three of its upper house members handed in blank ballots.

Majority Think New Government Is 'Short-Lived'

OW2707142494 Tokyo YOMIURI SHIMBUN in Japanese 27 Jul 94 Morning Edition p 2

[Text] Nearly 90 percent of the Japanese people think the Murayama administration is a short-lived government and will be dissolved within a year. About 50 percent said they were "not laying their hopes" on the new administration. YOMIURI SHIMBUN conducted a public opinion survey on both 16 and 17 July, six months after the inauguration of the new administration, and found that the people have a cool view of the new administration. As many as 80 percent of the respondents are dissatisfied with politics. This is a return to the level of dissatisfaction that existed in the final stage of the Miyazawa administration. Meanwhile, the number of people who think a general election should be held by dissolving the lower house as soon as possible rapidly increased in May and June and reached the majority, indicating the fact that more and more people are hoping for a general election.

Surveys conducted in May and June asked a question about the political situation after approval of the budget. At that time, the majority of the respondents answered that there was no need to have an en masse resignation or a dissolution of the lower house in a hurry. Asked this time when a general election should be held, 34, 28, and 19 percent of the respondents respectively answered "as soon as possible under a new election system," "there is no need to hurry," and "as soon as possible under the current election system." Although some people want to have a general election under a new system and others under the current system, 53 percent of the respondents favored an early election.

Regarding parties they would vote for in a general election, 32 percent said they would vote for the Liberal Democratic Party, 12 percent for the Social Democratic Party of Japan, 10 percent for Shinseito, five percent for Sakigake [Harbinger], and four percent for the Japan New Party. Compared to survey results in the past, this shows a rising trend for both the LDP and SDPJ.

Asked "how long the new administration will last," 43 percent said "about six months" or "about one year," while seven percent and two percent respectively answered "about two years" and "more than two years."

SDPJ Members Polled on SDF, Other Issues

OW2807131094 Tokyo ASAHI SHIMBUN in Japanese 27 Jul 94 Morning Edition p 1

[Text] In connection with statements of Prime Minister Tomiichi Murayama at the recent extraordinary Diet session on the Self-Defense Forces [SDF] as well as the Japan-U.S. security system, the Rising Sun flag, and the Kimigayo, ASAHI SHIMBUN has conducted a survey on upper and lower house members of the Social Democratic Party of Japan [SDPJ], and has received responses from 94 of them, or about two-thirds of a total of 142 SDPJ Dietmembers.

The survey showed most of the members accept the view of the prime minister as seen in more than 90 percent of the respondents replying they "supported" or "accepted as unavoidable" his view terming the SDF as constitutional. On the other hand, as far as the present condition of the SDF is concerned, while more than one-half replied they thought it to be consitutional, nearly 40 percent thought the organization as it exists now is "unconstitutional." This response represented strong voices in the party calling for reduction for defense outlays and downscaling of the SDF. Asked about the party's stand on unarmed neutrality, 40 percent replied that stand should be upheld as the "ultimate goal and ideals for the mankind." More than 80 percent also were of the view that the SDPJ can continue its role as "Defender of the Constitution."

The survey was conducted over the last week up to 26 July, with responses received via facsimile. Responses were given by 48 of 74 SDPJ members of the House of Representatives and 46 of 68 SDPJ members of the House of Councillors.

Asked to give their views on the prime minister's statement on the SDF which declared "I think the SDF exclusively for purpose of defense and of a minimum organization necessary for self-defense is recognized under the Constitution," 34 (15 lower house members and 19 upper house members), or 36 percent, replied "I support his view," and 52 (31 lower house members and 21 upper house members), or 55 percent, said they accepted it as "unavoidable."

But asked if they considered the present condition of the SDF as "being in a constitutional or unconstitutional state," 46 (26 lower house members and 20 upper house members) or 49 percent said "constitutional," and 36 (15 lower house members and 21 upper house members) or 38 percent replied "unconstitutional." This response can be said to show that even though many of the members have accepted the view of the prime minister who is their party chairman, there are also many others who are unhappy about the present state of the SDF.

The prime minister noted the need to "promote arms reduction" as he talked about the constititonality of the SDF in the Diet. Asked to give their views on how specifically this promotion of arms reduction should be done, 50 said "the SDF should be scaled down" and 41 said "defense outlays should be cut" (respondents were allowed to give multiple answers to this question). The government and ruling parties are due to decide on departmental budget request ceilings at a cabinet meeting on 29 July. Whether this view regarding the SDF can be reflected in the budget formulation depends on the prime minister.

Asked if they thought the Japan-U.S. security system should be "maintained," 94 percent replied they "support" it or said they accept it as "unavoidable."

In his answer to a question on the unarmed neutrality which the SDPJ has had as its central policy regarding security and defense, the prime minister initially told the Diet, "I believe it has done its role as policy," even though he later amended his statement to "that is an ultimate goal of the party." Asked to give their views on the prime minister's first answer, more than one-half or 52 said "I support it" or "I think it unavoidable," but 39 replied "I object to it." Repulsions to that view apparently were strong.

Asked about the prime minister's remarks in the Diet saying the Rising Sun flag and the Kimigayo are "taking root," 66 gave answers accepting his view, saying either "I support it" or "I think it unavoidable." But many gave additional comments saying they will accept the view on the condition that the Rising Sun and Kimigayo will not be forced on to students in schools. Many also said "there are problems with words in the Kimigayo."

Regarding the future policy of the SDPJ, 86 percent said the party can continue to pursue its policy of "defending the Constitution" by "pushing for arms reduction actively."

Ozawa: 'Old System' Election May Be Impossible

OW2807053594 Tokyo KYODO in English 0433 GMT 28 Jul 94

[Text] Washington, July 27 KYODO—Japanese opposition leader Ichiro Ozawa said Wednesday [27 July] the country's ruling coalition cannot hold a general election under the present electoral system if the opposition camp creates a new unified party in September.

Ozawa, chief strategist of the previous governing coalition, expressed the view when speaking at a luncheon sponsored by House of Representatives Speaker Thomas Foley.

"Although the ruling parties want to hold an election under the old system before our side is united, it will be impossible if we form a new party in September," he said.

A bill to redraw Japan's electoral district boundaries is likely to pass into law at an extraordinary Diet session in October, Japanese officials quoted as him saying.

Ozawa, secretary general of Shinseito (Renewal Party), is visiting the United States to meet a variety of present and former government leaders.

The new electoral system—a combination of single-seat constituencies and proportional representation—will replace the present multiple-seat constituency system.

On Japan's bid to become a permanent member of the UN Security Council, Ozawa repeated his earlier remarks showing a cautious stance.

"It is a good idea, but under the present political circumstances, (Japan) cannot fulfill its responsibility. So I am not so positive," Ozawa told a dozen or so U.S. politicians at the Capitol Hill luncheon.

Ozawa, who was instrumental in last August's ousting of the Liberal Democratic Party from its 38-year rule, also criticized the coalition government's handling of the North Korean nuclear issue.

"The government of (Prime Minister Tomiichi) Murayama has only repeated that it wants a solution through dialogue, but it can hardly cope with the situation," he said.

Murayama is also chairman of the Social Democratic Party (SDP) which maintained close ties with Pyongyang during the Cold War era.

After the luncheon, Ozawa paid a courtesy call at the White House and met Anthony Lake, assistant to President Bill Clinton for national security affairs, and Robert Rubin, assistant to the president for economic policy.

Japanese officials accompanying Ozawa said he and the two presidential aides did not take up such key bilateral issues as comprehensive economic talks to reduce Japan's huge trade surplus with the U.S.

Rengo Head: Creating Unified Party 'Impossible'

OW2807085394 Tokyo KYODO in English 0836 GMT 28 Jul 94

[Text] Tokyo, July 28 KYODO—Japan's top labor leader said Thursday [28 July] it is impossible for the opposition camp to create a new unified party in September.

Akira Yamagishi, president of the Japanese Trade Union Confederation (Rengo), made the comment in a seminar sponsored by the Japan Executive Managers Association, affiliated with the Labor Ministry.

"It is impossible to form a new party larger than the Liberal Democratic Party (LDP) easily in September or October," Yamagishi said.

Yamagishi, chief of the eight million-strong Rengo, was referring to a wish expressed by Ichiro Ozawa, chief strategist of the former ruling coalition, to create such a grouping in September.

Ozawa, secretary general of Shinseito, said Monday in New York he aims to create a party of some 200 members, larger than the LDP, which governed Japan for 38 years until it was ousted from power a year ago.

It is widely believed the next general election will be held under a new electoral system—a combination of single-seat constituencies and proportional representation—after a bill is enacted to redraw boundaries for single-seat districts.

"If a new redistricting bill is proposed to the diet, the opposition parties may wish to create a new party by cooperating in election campaigns and nomination of candidates," Yamagishi said.

But the labor leader hinted that some opposition forces, possibly the Democratic Socialist Party (DSP) and the Japan New Party, would oppose an Ozawa-led scenario of forming a party spearheaded by Shinseito and its close Buddhist-based ally, Komeito.

Ozawa was instrumental in forcing the LDP out of power last summer by creating a reformist coalition force.

After serving as the leading opposition for about 10 months, the LDP returned to power by aligning with the Social Democratic Party (SDP) and new party Sakigake in a coalition led by SDP Chairman Tomiichi Murayama as prime minister.

Rengo, MITI's Hashimoto on Restructuring

OW2807053494 Tokyo KYODO in English 0358 GMT 28 Jul 94

[Text] Tokyo, July 28 KYODO—The Japanese Trade Union Confederation (Rengo) Thursday [28 July] called on the government to formulate long-term measures that will facilitate industrial restructuring without adversely affecting employment, a trade ministry official said.

Top Rengo officials made the request during their meeting with International Trade and Industry Minister Ryutaro Hashimoto, the official told reporters.

Rengo officials were quoted as saying that the concept of scrap- and-build should be introduced in industrial restructuring, by which potentially idle workers are absorbed through the creation ofnew businesses.

The government should create a joint forum with labor and management when working out restructuring projects, in line with the latest proposals of the Industry Structure Council, an advisory body to the trade minister, the official said.

Hashimoto said he will study the request positively, the official said.

Hashimoto was quoted as saying that he is concerned about the possible adverse effects on Japan's economy of the recent rapid increase in business operations abroad, as a result of the upsurge in the yen's value against the dollar.

The trade minister was apparently referring to a potential "hollowing out" of Japan's industry, following an increasing shift overseas by many companies.

Hashimoto said the government should step up its promotion of deregulation, explaining that such efforts in the past year had been "too lenient."

The government of former prime minister kiichi miyazawa vowed to abolish 1,000 regulations, Hashimoto recalled. "But what he and his successors did was not abolition but relaxation," the trade minister was quoted as saying.

Shinseito Leaders on New Political Party

OW2807081894 Tokyo KYODO in English 0758 GMT 28 Jul 94

[Text] Tokyo, July 28 KYODO—Leaders of the reform-minded Shinseito (Japan Renewal Party) on Thursday [28 July] fell in step with party Secretary General Ichiro Ozawa's plans to create a super party this fall out of nine opposition factions.

Ozawa, chief strategist behind last year's end to 38 years of uninterrupted rule by the Liberal Democratic Party (LDP), said in New York earlier this week that he hopes to create a party of more than 200 members to wrest control of the government from the LDP, Social Democratic Party and new party Sakigake, an LDP splinter.

Shinseito leaders began Thursday outlining the schedule for realizing a "new-new party" this September, which would bring together opposition forces excluding the Japanese Communist Party.

In mid-August, a preparatory meeting will be held, bringing together former Prime Ministers Tsutomu Hata, Morihiro Hosokawa and Toshiki Kaifu, Komeito Chairman Koshiro Ishida and Democratic Socialist Party leader Takashi Yonezawa.

Prior to this, Shinseito leaders plan to form a committee to promote reform which would arrange for the August meeting.

Kozo Watanabe, a senior Shinseito executive, told reporters that the creation of a "liberal reform federation" by four LDP breakaway factions is "the first step toward the formation of a fresh new party."

Watanabe denied any worries about the opposition becoming divided in a three-way standoff.

Murayama Meets With Former Diet Officials

OW2507004394 Tokyo NIHON KEIZAI SHIMBUN in Japanese 22 Jul 94 Morning Edition p 2

[Text] On the evening of 21 July, Prime Minister Tomiichi Murayama held an informal meeting over dinner for about 40 minutes at a restaurant in Tokyo with Seiroku Kajiyama, former secretary general of the Liberal Democratic Party, Takenori Kanzaki, former minister of posts and telecommunications, from the Komeito [Clean Government Party], and Atsushi Kanda, former director general of the Defense Agency, from the Democratic Socialist Party of Japan. All three officials served as the chairman of their respective party's Diet Affairs Committee when Murayama served as the Diet Affairs Committee chairman for the Social Democratic Party of Japan. At the meeting, the prime minister reportedly indicated his strong determination to handle government affairs, saying: "I will serve the country even if I have to sacrifice myself."

Kajiyama subtly sent suggestive signals to the two opposition party officials, saying: "We cannot tell what will happen (with the political situation) in the future, but let us throw away fixed ideas and cherish our mutual trust."

The politicians also talked about the prime minister's remark in which he approved the "constitutionality of the Self Defense Forces." In this connection, Kanda said: "Since reducing defense capabilities is a different matter, we request that the defense budget be reduced gradually."

This was the first time that Prime Minister Murayama went out to a restaurant since his inauguration. He usually retires to his residence early in the evening.

Murayama on Joint Election Strategy by Coalition

OW2307162594 Tokyo KYODO in English 1516 GMT 23 Jul 94

[Text] Seoul, July 23 KYODO—Prime Minister Tomiichi Murayama on Saturday [23 July] said he will seek a joint election strategy in single-seat constituencies among the three coalition parties for the House of Representatives election.

Murayama, chairman of the Social Democratic Party (SDP), made the comment in speaking to Japanese reporters accompanying his trip to Seoul.

The new lower house election system, which combines 300 single- seat constituencies and 200 others chosen through proportional representation, became law in January, though it cannot replace the present multiseat constituency system until the boundaries of the single-seat constituencies are set.

Murayama said Friday that a bill on the boundaries should be enacted as soon as possible.

The prime minister also indicated he was considering changing the name of the SDP following its about-face on defense policy.

Murayama has declared in the Diet that Japan's Self-Defense Forces (SDF) are constitutional. He has also said the SDP's long- time basic policy line of "unarmed neutrality" has achieved its political role and is now outdated after the end of the Cold War era.

Zainichito Hopes To Field Candidate in Hokkaido

OW2807123394 Tokyo KYODO in English 1133 GMT 28 Jul 94

[Text] Osaka, July 28 KYODO—The two-year-old Zainichito, seeking political rights for non-Japanese residents of Japan, hopes to field a candidate in Hokkaido for next year's House of Councillors election or a House of Representatives poll.

Yi Yong-hwa, the Korean leader of Zainichito, said Thursday [28 July] he hopes to field a candidate in Hokkaido since the Ainu are numerous and "will understand (our position) since they are a minority like us."

The Ainu are an indigenous race of some 50,000 people, mostly in northern Japan, which only last week won its first representative in the Diet with Shigeru Kayano to assume a seat in the House of Councillors as a member of the Social Democratic Party (SDP).

Yi, an economics lecturer at Kansai University, founded Zainichito in 1992 to demand voting rights and the right to run for public office for non-Japanese taxpayers.

As a form of protest, Yi has attempted to submit his candidacy and others for the 1992 House of Representatives election and the House of Councillors poll the same year, but has been turned away since he and the other Zainichito candidates are not Japanese citizens.

A total of 35 Japanese municipalities have adopted resolutions backing political rights for non-Japanese taxpayers in local elections.

Yi, however, said, "On a national level, people still do not understand our point. I hope to continue my work throughout Japan until our political rights are recognized on a national level and we can disperse Zainichito."

Former Construction Minister Nakamura Freed on Bail

OW2807095694 Tokyo KYODO in English 0918 GMT 28 Jul 94

[Text] Tokyo, July 28 KYODO—The Tokyo District Court freed on bail Thursday [28 July] former Construction Minister Kishiro Nakamura and a former Kajima Corp. executive being tried in a 10 million yen bribery case.

The release ended more than four months of detention for Nakamura, 45, who paid 50 million yen for his bail. Former Kajima Vice President Shinji Kiyoyama, 68, also paid 30 million for his bail. The prosecution did not object the bail.

Nakamura had applied for release on bail three times since being indicted April 1, but the court turned down the requests on grounds the ex-minister refused to accept for trial certain evidence submitted by the prosecution.

At the second hearing in the court in Nakamura's trial earlier Thursday, the defendant's lawyers, however, said they will accept most of the prosecution's documents.

Nakamura admitted in the first hearing earlier this month he received the 10 million yen from Kiyoyama in January 1992 when he was construction minister, but denied the money was a bribe.

Kiyoyama also pleaded not guilty, telling the court he gave the cash to Nakamura as a political donation and did not ask the politician for favors.

According to Nakamura's indictment, the minister allegedly took the sum from Kiyoyama for pressuring the Fair Trade Commission not to file a criminal accusation over a bid-rigging case against the Saitama Doyo-kai (Saturday Association), comprised of 66 contractors headed by Kajima.

Kiyoyama had been granted bail in another bribery case involving the former governor of Ibaraki Prefecture, 78-year-old Fujio Takeuchi, but remained under detention in connection with Nakamura's trial.

Former Minister Failed To Report Income

OW2607125194 Tokyo KYODO in English 1222 GMT 26 Jul 94

[Text] Tokyo, July 26 KYODO—Former Construction Minister Yuji Otsuka has failed to report to tax authorities 90 million yen in income between 1989 and 1993, informed sources said Tuesday [26 July].

Otsuka, 65, who served as construction minister between December 1990 and November 1991 in the cabinet of Prime Minister Toshiki Kaifu, reported as income part of his political donations which were used to purchase real estate, the sources said. But he claimed that tens of million yen in donations had been spent on "political activities."

In an unprecedented move, however, the tax authorities maintained the donations are taxable as income since Otsuka's expenditures on the political activities were unaccounted for. In the past, expenses for political activities were almost sacrosanct and were recognized as tax exempt even if their concrete use was not clear.

Otsuka reportedly filed a revised income report. He is likely to have to pay 50 million yen in back taxes, the sources said. Otsuka lost his seat for the Liberal Democratic Party (LDP) in the July 1993 general election for the House of Representatives.

Tax authorities suspected tax evasion when realizing that Otsuka's real estate purchases in the hot spar resort of Atami, Shizuoka Prefecture, and downtown Tokyo from 1991 could not have been made from his reported income from a family business and his legislator's pay alone.

Miyamoto Reelected Communist Party Leader

OW2307080294 Tokyo KYODO in English 0725 GMT 23 Jul 94

[Text] Atami, Japan, July 23 KYODO—Kenji Miyamoto was reelected chief of the Japanese Communist Party Saturday [23 Jul] at the last day of the party's 20th congress held in the resort city of Atami, Shizuoka Prefecture, west of Tokyo.

The party reelected Miyamoto as chairman of the Central Committee, Tetsuzo Fuwa as chairman of the Presidium and Kazuo Shii as secretariat chief.

Miyamoto, 85, who was absent from the five-day meeting because he has been hospitalized with a heart problem since late June, has served as central committee chairman since 1982.

In the morning session, Shii blasted Prime Minister Tomiichi Murayama for his recent Diet remarks on security issues that amounted to an about-face on the security policy of his once antimilitary Social Democratic Party [of Japan] (SDP) [SDPJ].

Shii, in a closing speech at the congress, said Murayama's remarks will give a forward thrust to Japan's military buildup.

His criticism was directed at the SDPJ premier's declaration in parliamentary sessions that he sees Japan's Self-Defense Forces (SDF) and its key military machines like AWACS (airborne warning and control system) as constitutional.

The SDPJ "has now thrown away its banner of pro-constitution power, and has degenerated to the extent that it unconditionally accepts (the Liberal Democratic Party's policy)," he said.

The SDPJ constitutes a ruling coalition along with the LDP and a tiny LDP splinter New Party Sakigake [Harbinger].

Membership in the JCP stands at about 360,000, a decrease of more than 100,000 from four years ago, according to a report submitted Tuesday to the party congress.

Yokosuka on Lot-Drawing To Deter Bid-Rigging

OW2607134394 Tokyo KYODO in English 1315 GMT 26 Jul 94

[Text] Yokosuka, Japan, July 26 KYODO—The Yokosuka Municipal Government has decided to combine the drawing of lots with its conditional bidding system for public works projects, as a deterrence to bid-rigging among contractors, city officials said Tuesday [26 July].

Under the new system, if the city receives reliable tips that bids have been rigged, it will order the drawing of lots to eliminate half of the construction contractors shortly before scheduled bidding dates, the officials said.

The new mechanism is designed as an attempt to disqualify at least a portion of those bidders allowed by others to submit the lowest bid according to unlawful pre-bid agreements between prospective contractors.

The new system is also aimed at increasing fairness by adding a random element to the bidding process by which a contractor is selected, the officials said. "This is probably the first time in Japan that a lot-drawing system is introduced in selecting the winners of public works projects," a city official said.

The city of Yokosuka in Kanagawa Prefecture had already made determined efforts to prevent bid-rigging by introducing in January a "conditional bidding system" under which only contractors meeting certain qualifications, such as corporate size, are allowed to bid. However, the city authorities were alerted in may that bids were being rigged for a city-awarded project to build a sewage system. The incident prompted the city to search for a more effective mechanism to prevent further bid-rigging. As a result, the city decided to order the drawing of lots whenever it is alerted to bid-rigging practices by such reliable tips as the name of a project for which bids are suspected of being rigged, or the name of a bidder whose selection is predetermined by secret agreement among contractors, they said.

The official explained that even if contractors dared to rig bids, the new lot-drawing mechanism would reduce by 50 percent the chance that a contractor chosen by others to submit the lowest bid could win the project.

A Construction Ministry official questioned the effectiveness of the new mechanism in scaring away would-be bid-riggers from continuing the practice. "As there are cases when bids are rigged by all the contractors joining the bidding, the new lot-drawing mechanism would not be able to dispel the widespread bid-rigging mentality, even if the city could halve the number of bidders qualified to join the bidding," the official said.

Miyamoto Released From Hospital

OW2807053394 Tokyo KYODO in English 0353 GMT 28 Jul 94

[Text] Tokyo, July 28 KYODO—The long-standing head of the Japanese Communist Party (JCP), Kenji Miyamoto, left hospital one month after entering following a minor attack, the party's official paper AKAHATA (RED FLAG) said Thursday [28 July].

Miyamoto, 85, who was reelected to the party's top post, chairman of the Central Committee, in a party congress last week, is recovering well, AKAHATA said.

He was admitted to the Yoyogi Hospital in Tokyo in late June for a temporal stroke due to brain ischemia, a kind of anemia.

Miyamoto will recuperate, while carrying out some necessary tasks, for a while before a returning fully to the job, the party paper said.

Ministry Official on Growth in Defense Spending

OW2807052594 Tokyo KYODO in English 0321 GMT 28 Jul 94

[Text] Tokyo, July 28 KYODO—A high-ranking Finance Ministry official said Thursday [28 July] he is prepared to accept a budgetary request that entails increased growth in defense expenditures for the next fiscal year, compared with that of the current fiscal year.

"I don't mind if such is not the case," the official said when asked to comment on reports that the Social Democratic Party [Social Democratic Party of Japan—SDPJ] wants the requested increase in defense spending to trim growth that exceeds the 0.9 percent increase seen in the initial fiscal 1993 budget.

The official, who refused to be identified, indicated that his ministry could keep defense spending growth below that of the current fiscal year, when mapping out a draft budget for fiscal 1995, even if the requested defense spending growth is higher than that of the current year.

The SDPJ is one of the three parties that make up the ruling coalition led by Prime Minister Tomiichi Murayama, who belongs to the SDPJ. The SDPJ has traditionally opposed higher defense spending.

The deadline for ministries and agencies to present budgetary requests to the Finance Ministry is the end of next month, and the ministry will write a budget blueprint for fiscal 1995 by the end of this year on the basis of such requests.

Government Continues To Debate Defense Budget

OW2807074494 Tokyo KYODO in English 0654 GMT 28 Jul 94

[Text] Tokyo, July 28 KYODO—The three ruling coalition partners agreed Thursday to curtail the nation's midterm defense buildup program but remained split over the "ceiling" of the fiscal 1995 defense budget.

They will continue discussing the ceiling later in the day, coalition officials said.

The Social Democratic Party (SDP), the Liberal Democratic Party (LDP) and new party Sakigake held a meeting on defense policy in the morning and agreed to slash the military buildup plan further and to hold down the defense budget increase to a low rate.

But they were divided over how low the defense spending growth should be for the fiscal year that starts in April 1995.

The SDP and Sakigake want the increase rate to be held below 0.9 percent growth in fiscal 1994, while the LDP is seeking at least a 1.95 percent increase, the officials said.

The fiscal [word indistinct] totaled 4,683.5 billion yen, up 0.9 percent over the initial fiscal 1993 defense budget, marking the lowest increase in 34 years.

The Defense Agency has already given up attaining the midterm buildup program, which expires in fiscal 1995, because meeting the targets would require a 7.7 percent growth in the defense budget.

The three parties decided to trim the frontline strength as well as the number of self-defense forces personnel, while improving their working conditions.

The LDP discussed the ceiling issue in a meeting of Diet members concerned and gave a carte blanche in negotiations with its coalition partners to former Defense Agency Director General Taku Yamasaki.

No strong call for sticking to the 1.95 percent target was voiced at the LDP meeting, party officials said.

The ceiling puts a cap on the Defense Agency's budget requests to be submitted to the Finance Ministry, usually by the end of August.

The Finance Ministry drafts its budget plan based on the requests by ministries and agencies, and the government's budget bills are fashioned after ministerial negotiations.

A senior ministry official said earlier Thursday he is prepared to accept a fiscal 1995 defense budget request that entails a greater spending increase than in fiscal 1994.

The official, who refused to be identified, indicated that the ministry could keep defense spending growth below that of the current fiscal year, when mapping out a draft fiscal 1995 budget, even if the requested defense spending growth is higher than that for the current fiscal year.

Coalition Adopts Ceiling on Defense Budget Rise

OW2807140394 Tokyo KYODO in English 1352 GMT 28 Jul 94

[Text] Tokyo, July 28 KYODO—The three ruling coalition parties decided Thursday [28 July] to slap a 0.9 percent ceiling on projected growth in defense spending for the fiscal 1995 budget, coalition officials said.

The decision came as a compromise among the Social Democratic Party (SDP), the Liberal Democratic Party (LDP) and New Party Sakigake, who form the coalition government of Prime Minister Tomiichi Murayama.

The ceiling stopped short of the LDP's initial demand that the government authorize growth of at least 1.95 percent for the outlay in the next fiscal year starting April 1, they said.

The 1.95 percent figure is identical to the fiscal 1994 ceiling, which the preceding coalition government of former Prime Minister Morihiro Hosokawa adopted for the current fiscal year's defense spending.

The SDP and Sakigake had been urging the LDP to agree to a ceiling of less than 0.9 percent, they said.

The three parties would have had to give a final say to Murayama had a compromise not been reached, a coalition official said.

Murayama, SDP chairman, has been advocating a sharp cutback in defense spending.

An SDP official said, "Because (Murayama) moved to recognize the constitutionality of the Self-Defense Forces, intra-SDP critics would remain disgruntled unless the government held down the defense outlay."

If adopted without further cutbacks, the 0.9 percent growth ceiling will be identical to the rate of growth for fiscal 1994 defense spending.

The 1994 outlay was 4,683.5 billion yen, up 0.9 percent over the initial fiscal 1993 defense budget, marking the lowest increase in 34 years.

The Defense Agency has already given up hope of achieving its midterm five-year buildup program, which expires in fiscal 1995, since meeting the target would require a 7.7 percent rise in the fiscal 1995 defense budget. The five-year program was earlier set at 22.75 trillion yen.

To hold down growth, the ruling parties decided to trim frontline weaponry and the number of self-defense forces personnel, they said.

The ceiling puts a cap on the Defense Agency's budget requests to be submitted to the Finance Ministry, usually by the end of August.

* Quality of Military Technology Questioned

942B0130A Tokyo SEIRON in Japanese Jun 94 pp 143-147

[Article by Hachiroe Tokuda, former professor, National Defense Academy: "Is Military Technology Second-Rate?"]

[Text] **1. Is Quality Given Priority Over Quantity?**

The Gulf war gave a great shock to experts on military strategy in China and Russia as well. "Military strategists" finally began to admit that the human sea tactics, with which the Chinese Army defeated the UN Forces in the Korean war, and the type of tactics employed in the Great Fatherland War, in which Russians fought German forces on the strength of quantity rather than quality, were no longer usable.

Yet, in its fighting the United States excelled not only in quality, but also in quantity. As for the latest-type weapon SLAM [sea-launched antiballistic missile], a remodeled version of the Harpoon antiship missile, which, loaded with an infrared image sensor and a GPS [global positioning system] receiver, attacks land objects, only seven rounds were launched, producing utterly no effect on the war situation. However, the Tomahawk, of which as many as 291 rounds were launched, dealt a heavy blow to Iraq.

Well, then, although both quality and quantity are called for, it is difficult to satisfy both as the United States has done. Pragmatists entertain the hope that, if it is too much to ask for both "quality and quantity," then the demand for "at least quality" will be met. As for technicians, of course they have kept calling loudly for the policy of "quality rather than quantity." However, the notion that it is favorable to have both high and low trump cards still holds good today, and whether some expensive high-tech weapons really have high efficiencies will also be an important subject to be studied.

During the Gulf war, the U.S. military displayed the achievements of its guided bombs by making the following announcement: of 88,500 tons of total bombs dropped, guided bombs accounted for 7 percent and unguided bombs accounted for 93 percent; 90 percent of the dropped guided bombs hit the targets as against 25 percent for the unguided bombs.

However, computed from the above figures, the guided and unguided bombs have a target-hitting ratio of 3.6 to 1. When procurement costs of the two bombs are compared, the two costs show a large difference with a ratio of 34 to 1, because the guidance apparatus of the laser-guided GBU-10 bomb costs $64,000, while the body of the bomb (MK-84) costs $1,900. This indicates that with the target-hitting ratio of 3.6 to 1, the guided bomb is still far from paying off.

Nevertheless, the guided bomb is used for targets that are hard to hit, so it would be harsh to blame it for a relatively low hitting rate in actual performances. Yet it is clear that the guided bomb still does not pay off even when the theoretical or purely abstract target-hitting ratio—the ratio of 10 to 1—is applied; this ratio between the two bombs is obtained from the hitting accuracy (to be precise, the radius of a circle within which half of the bombs have dropped) of each bomb—10 meters for the guided bomb and 1 meter for the other one.

Of course, the guided bomb is an indispensable means of attack against a target which ought to be hit with the first shot like an air defense command post set up adjacent to a friendly nation's diplomatic establishment. Therefore, its use is permissible, although its cost is a little too high. Yet, it is believed that for targets deployed in the open air it would be better to use cheap bombs in large quantities.

As for a laser-guided projetile developed by the United States with great fanfare, no artillery of any country chose to use it despite a considerable sales campaign, because its cost was tens of times higher than those of ordinary projectiles.

2. Is It Civilian Goods That Show High Technology?

Although rectified a little as a result of the Gulf war, public views on military technology were terribly severe seven or eight years ago.

Among the views were: "Civilian technology has become more advanced" and "High-tech weapons, too, are formed by civilian technology, and so you can see many electronic products usable as missile parts lying idly on store shelves if you visit Akihabara [area in Tokyo]."

When the U.S. Air Force's F-117A stealth attack plane made its debut, there even appeared a commentary saying that "that radar-absorbing material is the same material that is used in the golf club."

Even if a common original basic technology or basic material is used, weapons and civilian goods originating from it are different in general. The monkey and the human being have a common ancestor, but the monkey did not evolve into the human being.

The practical difference lies in environment-resistance which we seek in systems and component parts.

Citing the case of a dry battery alone, if a civilian JIS [Japan Industrial Standards] product is so highly efficient that it can work even in an icebound area where the mercury stands at 20 degrees below zero, an outdoor radio system designer will weep for joy because he has no need to apply NDS (National Defense Standards—set by the National Defense Agency) specifications, which will result in a relatively high cost.

The same is the case with missile parts which are beset by strict specifications peculiar to air weapons. Costs of missiles will become far cheaper if civilian products can satisfy the requirement for tolerance of G-forces that are encountered in rapid acceleration and intense maneuvers (evasive movements).

Parts for civilian use which can be adopted as weapons, that is, parts for multiple purposes are on the increase, but their number is still limited.

The claim that civilian goods represent higher technology is made largely to show off the difficulty of production management which seeks a decrease in cost through mass production and a high percentage of profit, and it is meaningless to dare to compare their production with the production of tanks, which are turned out in the number of only 20 annually as if they were like works of art.

3. Have Spin-Offs From Military Technology Disappeared?

As to spin-offs from military technology and civilian technology, an argument is prevalent among the general populace that "there are no more spin-offs from the former, while spin-offs from the other have begun to be seen." The general populace fails to separate weapons into systems, subsystems, components, and parts and to discuss the issue from these respective standpoints. Simply because multipurpose items are used as parts of the weapons, the populace tends to conclude that military technology uses "only spin-offs from the other technology today," do they not?

What makes a high-tech weapon worthy of its name is its system, like one in the Apollo plan, and system design is the most cumbersome work even with military communications systems where highly advanced civilian components and parts can be introduced as goods for multiple uses. To be sure, it has become rare to immediately use the systems of radars, portable radios, and jet planes as civilian goods as was the case 40 years ago. New-materials technology developed through a military drive is nuclear- and space-related, and so it has no connection with civilian demands. This also is a cause of "contempt" for military technology.

However, if we observe carefully, we will see "deluxe" systems—which were originally used by only the military or those concerned with public safety—emerging as civilian goods as needs increase in the private sector. Among them are devices for tracing back radio signals, telephone bugging apparatus, bugging-source detectors, and their concealing devices.

However, a widely accepted opinion today is that, due to a time lag between investment and effect, it is ineffective to invest in military research and development in anticipation of the spin-off effects on civilian demands.

It is true that U.S. research and development investment was concentrated on the military so excessively that its industry declined; however, this does not mean that there are no longer spin-offs. As for the GPS receiver, which led to U.S. victory in the Gulf war, that much huge investment in its development would have been impossible if the need was only to meet civilian demand.

Highly advanced technology unfit for civilian goods such as the phased-array radar and deep-sea exploration technology is also applied to scientific devices in not a few cases. For example, a plan to generate electricity in space in the orbit of a satellite was disparaged on the grounds that it requires so weighty a solar battery that simply launching the satellite into space will exhaust earth resources. However, prospects for reduced weight—10 percent of the original weight—appeared, suddenly making the plan achievable, due to a spin-off from the development of a solar battery in ballistic missile-intercepting lightweight satellites called the brilliant pebbles which surfaced through the SDI [Strategic Defense Initiative].

Spin-offs from the civilian industrial system have been few except cases in which the military logistic support system was affected.

Some technologies are clearly known to be multipurpose from the research and development stage. However, in an atmosphere specific to Japan, their military aspects are ignored in their growth, and such technologies cause tumultuous reactions in many cases after being applied to weaponry.

4. Has Japan's Defense Technology Caught Up With That of U.S.?

The expression of a view that Japan's defense technology has caught up with that of the United States is likely to cause misunderstanding, and in studying this subject Japan first needs to divide defense technology into technology for subsystems, technology for components, etc.

In the above discussions, when the term civilian technology is replaced with Japanese technology and the term military technology, with U.S. technology, it becomes clear that Japan cannot be overjoyed simply because its parts, particularly semiconductors, are adopted in the U.S. weaponry systems.

It is impossible to master system design simply through imitation and duplication, though it may have been possible about the time when the matchlock was introduced.

As for single-unit systems such as those of tanks and aircraft, Japan, too, began developing them in the 1960's on the basis of duplications and imitations from U.S. military equipment, and it may well be said that Japan has now nearly overtaken the United States in this area. However, there are areas in which Japan can be nowhere near as good as the United States. They are satellite-based global-monitoring systems against submarines and ballistic missiles, various reconnaissance systems, and strategic communications systems. The theater ballistic missile defense system is also one of them.

As even a child can understand, a country with no aircraft can hardly develop antiaircraft guns. Likewise, for a country which, unlike Israel and France, is not carrying out experiments on ballistic missiles, it is no easy task to study how to intercept them. A voice saying, "Hurry, you can use simulations there," comes from outsiders instantly, but the fact is that there is no field data available for simulations.

Ah, the field data will be the very one that Japan's defense technology now needs most. It was the lack of data on sound ripples that frustrated a plan for domestic production of antisubmarine patrol planes, and it was the flight-source codes that the United States refused to supply in the FSX [next-generation fighter plane] development.

To be sure, these were precious military software which the United States obtained at the price of its blood through actual war experience. However, it is wrong to say that none of them is obtainable for a country like Sweden or Japan simply because it lives in peace. If Japan intends its military exercises, which are carried out at such precious training outlays, not only for training military personnel, but also for collecting and analyzing field data, it will be able to feed back the data for developing next-generation equipment.

Unless such a move is made on a large scale without being restricted to the activity of some devoted researchers, Japan will be regarded as second-rate in terms of systems technology, although it leads the world in parts and materials technology.

[Box, p 145]

Hachiroe Tokuda, former professor at the National Defense Academy and a former Ground Self-Defense Force colonel: Born in 1938 at Shenyang (former Fengtien). Graduated in science from Kyoto University. Completed the doctorate at the same university's graduate school. Engaged in research and technology and technical education at the National Defense Academy. Author of many books, including those entitled, Weapons Which Were Too Late for Use *and* Basic Knowledge on International Politics and Economy *(a joint work).*

BOJ Governor: Economy Headed Toward Recovery

OW2807064294 Tokyo KYODO in English 0559 GMT 28 Jul 94

[Text] Tokyo, July 28 KYODO—Japan's top economic managers said Thursday [28 July] the economy is ready to recovery, but they differed slightly in their assessments to underscore the current delicate stage with the yen's rise complicating matters.

Bank of Japan Governor Yasushi Mieno offered the brightest picture, while government ministers remained relatively cautious, in separate speeches to a bankers' gathering.

"The economy is finally headed toward a recovery," Mieno told the meeting of the Federation of Bankers Association of Japan.

Economic Planning Agency (EPA) Director General Masahiko Komura sounded most cautious, saying that while recovery may have begun and with recent bright spots spreading, the economy is "still broadly sluggish."

Finance Minister Masayoshi Takemura took a middle course, saying, "signs of a recovery are gradually appearing," with improving personal consumption and corporate sentiment.

Backing up his rosy assessment, Mieno said housing investment and public works remain buoyant, and personal consumption is recovering "moderately."

He also cited "almost completed" corporate inventory adjustments and increasing exports as overseas economies recover.

All three expressed concern over the yen's recent sharp rise, but Mieno alone voiced some optimism about its impact on the economy.

"Compared with last year, overseas economies are firm, and we can't deny the possibility that the effects from the weaker dollar on Japan's export will be cushioned to that extent."

Mieno added he wants to keep watching the impact of the yen's rise.

Both Mieno and Takemura described the recent currency market trend as a fall of the dollar on a broad front due to speculation and not in line with economic fundamentals, thus dismissing any unilateral rise of the yen against the U.S. and other major currencies.

Takemura reiterated an agreement with his counterparts at the Group of Seven (G-7) summit in Naples in early July that the dollar's further fall would be "undesirable and unjustified."

Mieno and Takemura said they will continue keeping in close contacts with other G-7 nations to keep currency rates stable.

Meanwhile, Mieno also pointed to restructuring by Japanese companies to cope with increasing competition with other Asian nations as a "factor to slow the pace of an economic recovery in the short term."

The central bank chief said that while carefully monitoring the currency fluctuations and other factors, he will "carefully check the sustainability and the tempo of economic recovery."

Takemura said he is confident that steady implementation of the 15.25 trillion yen stimulus package adopted in February and the just-enacted fiscal 1994 budget will "contribute greatly to a steady recovery."

He also vowed to realize a thorough tax reform, including tax cuts, by the end of the year.

The EPA's Komura said, "large-scale income tax cuts will contribute greatly to further improving private economic sentiment."

Komura promised to continue promoting deregulation and measures to narrow price gaps at home and abroad.

Prime Minister Tomiichi Murayama, also addressing the meeting in a speech, did not offer any economic assessment but stressed the need to pursue administrative, tax and economic reforms.

Toshio Morikawa, chairman of the bankers' federation, said, "signs of an economic recovery are gradually spreading, but they are not yet encompassing economic activities as a whole."

Against this backdrop, he called on the government and the central bank to continue adopting fiscal and monetary policies that will put the economy on a full recovery path.

Meanwhile, Mieno and the economic ministers urged bankers to keep up their efforts to solve the problem of nonperforming loans and to improve their services.

Keidanren Chief Doubts Recovery 'Genuine'

OW2807032994 Tokyo KYODO in English 0259 GMT 28 Jul 94

[Text] Tokyo, July 28 KYODO—A top business leader expressed doubt Thursday [28 July] that Japan's economy is making "a genuine recovery."

Shoichiro Toyoda, chairman of the Federation of Economic Organizations (Keidanren), told business leaders at a seminar that capital investment continues weak and companies are still not making sufficient profits.

"Even if there is an economic recovery, its tempo will be very mild," said Toyoda, who is also chairman of Toyota Motor Corp.

Saying that yen's surge against the dollar is hurtful to the economy, he called for international cooperation in currency market intervention and in fiscal and monetary measures.

"We need to strengthen international cooperation and stabilize the currency markets. Each country should show its stance of defending the dollar by taking steps such as making a joint statement," he said.

MITI Official Says Drought To Slow Economy

OW2807105794 Tokyo KYODO in English 1043 GMT 28 Jul 94

[Text] Tokyo, July 28 KYODO—A long spell of hot weather that is bringing a drought mainly to western Japan may retard economic recovery, a top-ranking trade ministry official said Thursday [28 July].

The hot summer is boosting consumer spending for items such as air conditioners but is forcing some manufacturers to suspend production in order to save water used for generating electricity, said the international trade and industry ministry official who spoke on condition of anonymity.

The official said he is concerned that a continuing drought along with the unabated strength of the yen against the U.S. dollar will put the brakes on an early economic recovery.

The official was commenting on a report on industrial production for June released earlier Thursday, which showed 2.0 percent growth from the previous month, the first gain in three months.

On the trade dispute with the United States over government procurement, the official said a breakthrough before the July 31 deadline is unlikely under the current situation.

Observers believe Washington, citing a domestic law, will likely name Japan as an unfair trade partner in government procurement of telecommunications and medical equipment, which could lead to procedures to impose trade sanctions.

The prospect emerged after both countries failed to produce tangible progress in the dispute in last weekend's high-level talks in Hong Kong.

Cabinet To Continue Annual Income Tax Cuts

OW2707085594 Tokyo KYODO in English 0828 GMT 27 Jul 94

[Text] Tokyo, July 27 KYODO—The coalition government of Prime Minister Tomiichi Murayama will continue income tax cuts beyond 1995 but on a smaller scale than a uniform 20 percent reduction carried out this year, an influential member of the coalition's tax system reform project team said Wednesday [27 July].

The official, who did not want to be identified, said the actual size of tax cuts has yet to be ironed out but annual reductions are expected to range from 3.5 trillion yen to 4.5 trillion yen. The former coalition government led by Prime Minister Morihiro Hosokawa implemented a 20 percent cut in income and resident taxes totaling 5.5 trillion yen in 1994.

The official said the present government led by Murayama, chairman of the Social Democratic Party

(SDP) [Social Democratic Party of Japan—SDPJ], will carry out special tax cuts if tax reductions in 1995 fall short of the 1994 level.

Japan has pledged to the United States to implement tax cuts on a continuous basis to stimulate economic expansion led by domestic demand. The official said special tax cuts will be discontinued around 1997 depending on the progress of economic recovery.

The official said the government plans to reduce the scale of income tax cuts and keep a consumption tax hike to a smaller range to ease the burden on low income earners. A 1 percentage point hike in the consumption tax, now set at 3 percent, will increase the government's revenues by about 2.4 trillion yen. The tax reform team formed by three coalition parties, the SDP, the Liberal Democratic Party and New Party Sakigake, plans to come up with a proposal by mid-September, the official said.

LDP's Mori Opposed To Debating Tax Hikes

OW2807082194 Tokyo KYODO in English 0813 GMT 28 Jul 94

[Text] Tokyo, July 28 KYODO—A senior official of the Liberal Democratic Party (LDP) renewed his opposition Thursday [28 July] to debate together possible indirect tax hikes and income tax cuts.

"I am personally opposed to the idea of discussing tax increases and reductions together," LDP Secretary General Yoshiro Mori said at a press luncheon, referring to the debate on tax system reform within the new ruling coalition that has just started.

The three-party coalition's panel on tax system reform is scheduled to come up with a comprehensive reform plan around mid- September.

Noting Tokyo has pledged to extend the current one-year income and residential tax cuts, totaling some 6 trillion yen, into the next fiscal year and beyond, Mori said it is important to secure alternative revenues to offset the tax reductions.

To get Japan's slumping economy back on track, he said, it is not desirable to discuss tax hikes and cuts together and a bill should be prepared that would extend the current tax reductions while clarifying the period and scale of future indirect tax increases.

"Personal consumption will slow down with tax hikes ahead," he said.

Mori said a natural increase in revenues is important and spoke of the need to take steps to stimulate personal consumption and capital investment, which he said make up three-quarters of a natural increase in revenues.

MITI Panel Begins Discussions on FY 1995

OW2507102594 Tokyo KYODO in English 0951 GMT 25 Jul 94

[Text] Tokyo, July 25 KYODO—A government advisory panel on Monday [25 July] began formulating Japan's trade and industry policy for fiscal 1995, with emphasis on ways to spur new business creation through industrial restructuring.

The Industrial Structure Council, an advisory body to the trade minister, held a session with open discussion of Japan's trade and industry policy for next fiscal year, which begins in April 1995, under the new leadership of Shoichiro Toyoda.

In addition to new business creation, the council cited three other policy goals for fiscal 1995—promotion of economic reforms, improvement of the people's livelihood through the recently enacted product liability law and an overall review of Japan's energy policy for achieving flexible and efficient energy supply.

The Ministry of International Trade and Industry (MITI) will work out a package of broad policy measures at the end of August, giving concrete shape to the basic ideas aired at Monday's council meeting, a MITI official said.

Toyoda, chairman of the federation of economic organizations (Keidanren) and chairman of Toyota Motor Corp., heads the advisory panel from Monday, replacing outgoing Chairman Gaishi Hiraiwa.

Budget Growth 'Likely' To Be Set at 4.5 Percent

OW2707140694 Tokyo KYODO in English 1325 GMT 27 Jul 94

[Text] Tokyo, July 27 KYODO—The Finance Ministry is likely to set growth in general operating expenditures in the Fiscal 1995 budget at about 4.5 percent over the initial budget for the current year, ministry sources said Wednesday [27 July].

The ceilings on budget requests from government ministries and agencies are higher than the 3.8 percent limit set for the initial budget for fiscal 1994 which ends next March, the first rise in three years. The general operating expenditures, or discretionary spending that the government controls and is not mandated by law, for fiscal 1995 are estimated at 42.7 trillion yen, the sources said.

The Finance Ministry has curbed growth in such spending for the last two years due to lower tax revenues. In order to jump-start the economy, however, the ministry is expected to boost public works spending and other investment-related outlays by 5 percent, the sources said.

Among other focal points in the fiscal 1995 budget, growth in Official Development Assistance (ODA) is likely to be set at about 7.5 percent, they said. While the Foreign Ministry wants to see the ODA limit set at 7.9 percent, the same as in the current fiscal year's initial budget, the Finance Ministry strongly hopes to slash such outlays, the sources said.

Over the defense budget ceiling, the Finance Ministry and the Defense Agency remain split, the sources said, with the defense agency balking at Prime Minister Tomiichi Murayama's policy to hold down the increase in the defense budget to less than 0.9 percent. The agency maintains that a growth rate of at least 2.8 percent is necessary to finance the "burden-sharing costs" of maintaining U.S. Armed forces in Japan, along with Self-Defense Forces expenses. Attention now focuses on whether the defense budget ceiling will top 1 percent, political sources said.

The Finance Ministry, and other ministries and agencies are expected to make a final adjustment Thursday so that the budget ceilings for fiscal 1995 will be adopted by the cabinet Friday, the ministry sources said.

* Asian Governments Major Issuers of Samurai Bonds

942A0486A Tokyo NIKKEI KINYU SHIMBUN in Japanese 18 Jul 94 p 1

[Unattributed article: "Samurai Bond Market Has Increasingly Asian Hue, Share Increases to 47 percent"]

[Text] The yen-denominated Samurai bond markets are fast acquiring an Asian hue. The percentage of the new-issue Samurai bond market handled by Asian firms has risen from 15 percent last year to 47 percent this year. This trend is the result of the elimination of capital reflux restrictions imposed on Euroyen bonds issued by foreign governments at the beginning of the year and an increase in fund-raising operations by Asian issuers in Samurai bond markets. Samurai bond issues are expected to continue in the future by Asian issuers who have a strong need for capital.

Samurai bonds have been issued in the total amount of 508 billion yen since the beginning of the year, including bonds issued by the Chinese Ministry of Finance as Phase I bonds and Phase II bonds in the amount of 30 billion yen per phase which must be paid for by the 13th of this month. Of the total, Asian issuers raised 241 billion yen, which approximates the 256.5 billion yen raised in all of last year.

Even in terms of issues, 11 out of 22 or one out of two issues were handled by Asian issuers. Last year, Asian issuers handled only 11 out of 53 issues.

One reason why Asian issuers of Samurai bonds have risen sharply is that in February 1994 U.S. monetary authorities shifted to a tightening policy. This caused a move towards raising money in yen, which is relatively cheaper than raising funds in dollars.

Aside from China's shift from a strong presence in the Yankee bond market in the United States in the latter half of last year to the Samurai bond market, the Thai Government has decided to issue 40 billion yen in Samurai bonds and South Korea's Export-Import Bank has decided to issue 30 billion yen in Samurai bonds. A major factor coming into play at this point is the approval by the Ministry of Finance of private-sector firms as issuers of Samurai bonds. The first issuer of such bonds will be Hong Kong-based major real estate firm Xin Hong Ji Properties which will issue Samurai bonds in the amount of 32 billion yen at the end of June, to be followed by the expected issuance of such bonds by leading corporations of Singapore.

In contrast, central banks of Turkey and Greece, which until last year had aggressively issued Samurai bonds, are leaning towards raising funds in the Euro markets because of the elimination of reflux restrictions and downgrading of Euroyen bonds. While issues of Samurai bonds by European issuers decline, such issues by Asian organizations are increasing, leading to a substantial increase in the percentage of such bonds issued in Asia.

MITI's Hashimoto on Strengthening FTC

OW2707131394 Tokyo NIHON KEIZAI SHIMBUN in Japanese 27 Jul 94 Morning Edition p 7

[Text] Minister of International Trade and Industry [MITI] Ryutaro Hashimoto, held talks with some cabinet members on the morning of 26 July, following a cabinet meeting. Discussing ways to strengthen the Fair Trade Commission's [FTC] functions, Hashimoto said: "We have to think seriously about reorganizing the FTC to enable deregulation to bring about its intended effects" and he proposed the FTC's Secretariat be upgraded to the level of Executive Office of the National Personnel Authority. At the meeting, Hashimoto also asked that the question of strengthening the FTC's functions be dealt with as a priority policy in the Fiscal 1995 budget. In response, Tsuruo Yamaguchi, director general of the Management and Coordination Agency, echoed Minister Hashimoto's proposal, saying: "I will ask officials of my agency to fully study ways to strengthen the FTC's functions." Finance Minister Masayoshi Takemura responded positively to the proposal, saying: "I have already asked officials of my ministry to study ways to strengthen the FTC's functions. I intend to work to strengthen this while coordinating opinions with each relevant ministries and agencies." The FTC Secretariat is a bureau-sized office headed by a bureau chief.

Panel To Study Distribution System Reform

OW2807095794 Tokyo KYODO in English 0921 GMT 28 Jul 94

[Text] Tokyo, July 28 KYODO—The Industrial Structure Council set up a task force Thursday [28 July] to study ways to enhance the efficiency and transparency of Japan's distribution system.

The advisory body to the trade minister said Japan has been under pressure to rectify what foreign countries view as a dual industrial structure—efficient sectors and inefficient sectors.

The distribution sector is "a typical inefficient division," the panel said, calling for drastic reforms to be made via correction of unfair business practices and promotion of deregulation.

The task force on Sept. 12 will begin formulating specific policy measures to achieve the goals and submit a final recommendation report to the trade minister around March next year, an official at the Ministry of International Trade and Industry said.

* MOF Investigates OTC Bond Option Activities

942A0485A Tokyo NIKKEI KINYU SHIMBUN in Japanese 15 Jul 94 p 1

[Unattributed article: "Foreign Firms Brokering OTC Bond Options, Creating Market; MOF Investigates"]

[Text] It has been revealed that foreign firms located in places such as Hong Kong are brokering OTC [over-the-counter] bond options among corporations of Japanese registry and that a de facto market has been created among such firms. These firms have taken advantage of a situation by filling the void that existed because of the absence of Japanese domestic bond options brokers and it appears that they are currently handling a monthly trading volume of several hundred billion yen with securities firms and banks. It appears the Ministry of Finance [MOF] is poised to embark on an urgent investigation after commenting, "If foreign financial firms are brokering trades for options among Japanese domestic firms, there is the suspicion that we have a violation of the Securities and Exchange Law. We need to confirm the facts about the trading activity." However, there is the view that the MOF will have difficulty regulating such transactions in view of the overall trend towards globalization and deregulation of financial markets.

Firms involved in the brokering of Japanese government bond options include firms such as Guy Butler and GFI Group of Sydney and Marshalls CMTS of Hong Kong. The firms use Japanese employees in conducting business of this nature, but they do not have branches in Japan. They use the telephone to take "buy" and "sell" orders as a basis for conducting brokerage operations.

U.S. bond markets handling OTC options among securities firms already exist where trading is active. Japanese government bond OTC options began trading among securities firms about one or two years ago.

Japanese bond OTC option markets handle a monthly average of 15 trillion yen and mainly service institutional investors and trades between securities firms and banks. Trades consist mainly of sales of options by institutional investors to securities firms and banks, creating a predominantly one-way market. As a result, securities firms and banks prepare for the exercise of options by using the spot and futures markets to reduce their exposure to risks. A fairly strong perception exists that there is a need to offset one-way domestic trades, as reflected in a statement by a medium-size securities firm that "there is a need to diversify our trades by trading in options with overseas banks and securities firms."

Foreign brokers embarked on the handling of options to fill an underlying demand and initially centered such activities on brokering between Japanese domestic firms and foreign firms, but recently there has been a marked increased in the handling of trades between Japanese domestic firms. There are some such foreign brokers who specialize in trades between Japanese domestic firms.

According to the MOF, there is no problem with the handling of trades by foreign-registry financial firms between clients located in Japan and a foreign country, but trades between domestic Japanese clients come under the purview of the Securities and Exchange Law and the conduct of such trades without a license would be in violation of the law.

However, since foreign brokers do not have branch operations in Japan, it is difficult to confirm facts about trades, and banning such activities would virtually restrict risk-hedging by securities firms and banks. Because of this fact, many feel, as one source at a major Japanese securities firm comments, "It is impossible for the MOF to control such activities in view of the progress being made in the globalization and deregulation of financial activities. In fact, the MOF should take action to nurture and establish bond options markets."

* Editorial Discusses Role of Central Bank

942A0483A Tokyo YOMIURI SHIMBUN in Japanese 22 Jul 94 p 3

[Editorial: "Debate About Bank of Japan Act Revived"]

[Text] Movements for the political independence of the Bank of England, the British central bank, which will welcome its 300th anniversary at the end of this month, is about to ignite debate about the revision of the Bank of Japan [BOJ] Act.

The Bank of England was established in 1694 when the right to issue bank notes was granted to British merchants in exchange for loans made to William III to defray the costs of the war with France. It is one of the oldest central banks after the Riksbank of Sweden.

However, these "central banks" have no authority to make decisions on financial policy. The European Union Treaty seeks as a premise to a unified currency the independence of central banks in each of the various nations, and France and Italy in recent years have revised their laws so as to reinforce the independence of the central banks.

A debate was instigated by the BOJ reply that, "the BOJ Act needs revision," given to the British Parliament which had been placing inquiries with various nations in connection with the preceding developments.

The current BOJ Act was promulgated in 1942 under wartime conditions and vested extremely strong authority in the government. One-half century has passed since World War II, and financial deregulation has entered its final phase. One would think that now is the time to engage in a full-scale debate on revision of the act.

The act is written with a combination of Japanese katakana and Chinese characters. Section 1 reads, in part, "The BOJ, in order to promote appropriate attainment of the collective national economic potential, will in compliance with national policy..." Section 2 reads, in part, "...should be operated so as to dedicate itself to the attainment of national objectives..."

The act also delineates the supervisory authority and operational directional authority of the minister of finance (MOF) and the prime ministers authority to relieve BOJ officials.

In reality, there has never been a case where the government in power relieved the president of the BOJ. However, frequent confrontations have taken place between the BOJ which, as the "watchdog over prices," stresses restraints over inflation threatening to cause economic failure, and the government which places more weight on economic expansion and global coordination.

The confrontation between the President and the Bank of the United States of America before the days of the Federal Reserve Board and the firing of President Hjalmar Schacht of the Reichsbank (German Federal Bank) in Germany by Hitler during World War II are prominent incidents.

In our nation, the wild inflationary prices caused by failure of financial policies in the days of the Kakuei Tanaka cabinet in the first half of the 1970's are still fresh in our memories. They say that inflation rates are low in those nations where the central bank exercises a high degree of independence.

There is the view that the powerful supervisory authority vested in the government by the current act clouds the policy judgment of the BOJ. The reason for this view is that excessive sensitivity of the BOJ about "making policy decisions independent of the government" results in taking monetary-tightening moves to excesses.

After the war, the BOJ Act was partially revised and a Policy Committee was established as the highest decisionmaking agency of the bank. However, this was a very awkward measure, like grafting a fox's skin to that of a lion. From 1957, for a period of over three years the Financial System Research Council deliberated how much independence should be granted the BOJ, but was unable to come to any conclusion and the matter remains unresolved.

Revision of the BOJ Act is a delicate and difficult issue despite the authority vested in the government and the MOF. However, the act can be considered a basic law dealing with currency and financial matters and has a critical effect on the Japanese economy as a whole.

It would be a dereliction of duties to neglect the issue of revision by saying, "The act is being enforced on a flexible basis." The government should embark on an early and comprehensive debate in view of the changes taking place in the Japanese economic and financial structure in the way of globalization and deregulation. A prerequisite for entering such a debate would be that the BOJ should renew its efforts at becoming a central bank open to the public to include public disclosure of the minutes to the policy committee meetings.

Banks Compete for Underwriting Bonds

OW2507114194 Tokyo KYODO in English 1100 GMT 25 Jul 94

[Text] Tokyo, July 25 KYODO—Newly established securities subsidiaries of banks are setting their sights on the lucrative business of underwriting straight bonds issued by electric power firms, producing fierce competition for brokerage houses.

In line with the government's financial liberalization implemented last year, banks and brokerages are now allowed to participate in each other's field through subsidiaries. But securities units of banks are not permitted to participate in underwriting and brokering of stocks. This has led them to focus on underwriting straight corporate bonds, particularly those floated by electric power companies, industry sources said Monday [25 July].

The balance of straight bonds issued by power utilities currently accounts for 10 trillion yen of the total outstanding straight corporate bonds worth 16 trillion yen, the sources said.

Ibj Securities Co., established in July last year as the securities subsidiary of the Industrial Bank of Japan has already won status of syndicate manager for nine electric power firms. Among major commercial banks known as city banks, Asahi Bank will open such a subsidiary Tuesday, making it the first city bank to do so.

Panel Urges No Deficit Bonds in Next Budget

OW2807121894 Tokyo KYODO in English 1208 GMT 28 Jul 94

[Text] Tokyo, July 28 KYODO—The government must not issue deficit-covering bonds in the fiscal 1995 budget, a blue-ribbon advisory panel said Thursday [28 July].

The recommendations were made in a chairman's statement presented to Finance Minister Masayoshi Takemura at a meeting of the Fiscal System Council.

"Greatest efforts must be placed to avoid deficit-covering bonds that leave burdens on next generations," panel Chairman Eiji Suzuki said in the statement.

The government is to set Friday ceilings on ministerial requests for the budget in fiscal 1995, starting next April.

Takemura told the meeting he aims to strictly pursue spending cutbacks in the next budget.

"We would place efforts to attain a fiscal structure that will not lead to increasing the balance of bond issuance," he said.

Panelists expressed strong opinions on tax reform to the finance minister, who has reserved his stance on whether to implement already-promised multiyear tax cuts with a hike in the consumption tax or put a time lag between the two, Suzuki said.

Suzuki quoted one panelist as saying, "Tax cuts and a hike should be included in a single law, even if there is a time lag between the two measures."

Another panelist said the government should concretely realize tax reform by year-end rather than just spelling out efforts to do so, Suzuki said.

The chairman's statement also urged the government to "thoroughly review" allocations, particularly for public works, when deciding the ceilings, adding that "vertically divided" allocations to ministries and agencies must be changed to yield "effective and priority-based" budgeting.

Suzuki also said political vision is needed in reviewing distributions but stressed the current government lacks concrete policies. He called on Prime Minister Tomiichi Murayama to show leadership in scrapping and rebuilding rigid allocations.

He also criticized an agreement by the coalition parties to set aside 300 billion yen as a special fund for flexible distributions to priority areas in investment-oriented outlays.

Suzuki called the amount insufficient, stressing that "trillions of yen" are actually needed for priority areas, and that the amount can be secured only through an overall budgetary review.

* Editorial on Securities Market Disclosure Needs

942A0499A Tokyo NIHON KEIZAI SHIMBUN in Japanese 23 Jul 94 p 2

[Editorial: "Stock Price Manipulation Incident Showed Importance of Information Disclosure"]

[Text] What sort of trades constitute illegal stock price manipulation? The Supreme Court recently provided an answer in the form of an adjudication criterion in a decision concerning the Kyodo Shiryo Company. The decision will have a major impact in terms of a guideline for future stock price manipulation trials and investigations and surveillance of securities transactions as well as for regulating the conduct of securities traders. The decision must serve as a stimulant for the aggressive disclosure of information by corporations and securities firms and for increased activity by the Securities and Exchange Surveillance Commission. We hope the decision will represent a step towards restoring investor confidence in the markets.

In the past, frequent rumors were heard about questionable stock market transactions, but criminal culpability became an issue in only four cases. One reason for inadequate enforcement and guidance actions was the absence of criteria by which to adjudicate stock price manipulation.

The Securities and Exchange Law prohibits stock price manipulation and provides for penalties in the case of infractions. However, if a bevy of speculative information circulates in the securities markets and huge purchases are concentrated in a specific issue, the stock price surges and there is considerable expectation that so-called "massive speculative buying" will come into play. It is not necessarily an easy matter to distinguish between trading activity of this nature and illegal stock price manipulation.

According to the criteria specified by the Supreme Court, a decision to categorize a case as illegal requires artificial manipulation of the stock price and the luring of investors into stock trades by instilling the erroneous perception in their minds that stock prices are surging or plunging because of normal supply-demand relationships.

The Securities and Exchange Law prohibits stock price manipulation to prevent fraudulent trades involving price manipulation with a view to establishing a fair securities market. In that respect, we can approve of the Supreme Court's criterion which clarified the inducement motive.

However, this does not mean that the decision entails no problems. It has been unofficially criticized as being an "ineffective weapon," because it is difficult to substantiate any ulterior motives held by traders.

In its interim report of January 1992, the Securities and Exchange Council listed five types of trades such as, "Placement of orders at bids higher than the previous day's closing price," and the intention to recognize the accumulation of such actions as stock price manipulation. The Securities and Exchange Surveillance Commission is adopting those ideas. In the application of the criterion of the Supreme Court, flexibility should probably be exercised in the use of the method for ascertaining inducement motive based on the accumulation of circumstantial evidence.

It was 22 years ago that Kyoto Shiryo Company engaged in stock price manipulation of which it was found guilty. Subsequently, the Japanese securities markets have undergone rapid expansion along with the growth in the Japanese economy. However in that process, numerous unfair transactions have surfaced such as insider trading, compensation for stock-trade losses, and financial manipulation to conceal unrealized losses, in addition to stock price manipulation. Excessive sales campaigns such as massive promotional sales of stock on the part of securities firms were also widely criticized.

The securities markets are still reeling from the residual complications of the bubble economy. Extrication from these difficult circumstances will require the clarification of rules and the establishment of a fair market environment which will enable investors to participate in the markets without undue anxiety.

New forms of securities products utilizing high technology are appearing in the securities markets. There is an urgent need to establish surveillance systems for these new forms of trading activity.

* Editorial Calls for Policy To Combat High Yen

942A0484A Tokyo ASAHI SHIMBUN in Japanese 15 Jul 94 p 5

[Editorial: "Lack of Policy Response to High Yen Unacceptable"]

[Text] Reportedly, sales campaigns targeting summer bonus payments have succeeded in bringing back customers into department stores and supermarkets for the first time in many seasons.

Bonus payments on average were lower than the previous year for the third year in a row, but last month's rebates in connection with income tax and residential tax cuts provided for a net increase in cash payments. This year's hot summer in comparison to last year's cool weather has helped to loosen consumers' purse strings.

It appears that since the January to March quarter of this year, the Japanese economy has passed the worst of times accompanied by a recovery in personal consumption. Then, came the tax reduction. It appears that the economy can be viewed as being in an uptrend albeit at a slow tempo.

A phenomenon which may slow the budding economic recovery may be the repeat of last year's strong yen. The fall of the dollar through the 100-yen threshold and its steady decline to the 96 yen level even gave one an eerie feeling.

Needless to say, a strong yen has its advantages in the form of lower import prices, but in the near term it will have a greater impact on the export-related industries and have a dilatory effect on the economic recovery.

Businesses have taken the self-defensive measure of converting future dollar receipts for exports into yen through the use of foreign exchange futures, but there is a limit to relief from such actions. A matter of greater concern is the potential that the current strong yen persists and causes a deterioration in the psychological outlook of businessmen who had begun to assume a more optimistic outlook. There is the risk that the already declining capital investment plans may fall further.

The strong yen trend which started prior to the establishment of the new Murayama government has passed the summit of leaders of industrial nations at Naples and has since accelerated its rise. This trend is partially attributable to the lack at the summit of any policy coordination to prevent a cheaper dollar.

But, that is not the only reason. Speculative funds which encircle the world are being aimed at Japan's huge recurring balance of payments as an ideal target. The speculators figure there is a lack of enthusiasm in the new government's attitude in dealing with economic reforms aimed at expanding Japan's domestic demand.

Moreover, one cannot avoid the impression that the Murayama government looks at alarm at and stands idly by as it sees the climb in the yen.

The three principal objectives of economic reform proposed ever since the Hosokawa government included tax reform accompanied by a continuation of a tax cut, revisions and increases in the basic public works investment programs, and deregulation. The wave created by the strong yen can be pushed back only by preventing any backsliding in such reform policies and it is crucial that additional effort be exerted in accelerating progress in reforms.

The new government must take early action to establish a course of action to attain the goals envisioned for each of the three principal objectives.

Reportedly, the foremost issue of tax reform is targeted for passage of relative laws within the year with details to be worked out by the ruling parties by the middle of September. However, the difficult issue is what is to be done about the required fiscal resources.

Continuation of the income and residential tax cuts beyond the end of next year has been made a global commitment and no one probably dissents. However, from a fiscal standpoint, any delay in a debate on offsetting fiscal resources, including a hike in the consumption tax, would make it difficult to sustain the income tax cut.

In a press conference immediately after assuming office, Prime Minister Murayama mentioned as a prerequisite a cut in fiscal spending based on administrative and fiscal reform and said, "The public will not understand if we insist that a tax increase is unavoidable." His approach is very logical, but it cannot be used as an excuse to postpone reform. There is a need to take early action on formulating specific plans for the reorganization and consolidation of central government ministries and agencies.

There is nothing more troublesome for businessmen than the inability to project the future. The Murayama government must manage fiscal and financial policies in a manner appropriate to the circumstances and issue a clear message that it will undertake economic reform for both domestic and global consumption.

* Role of Access Charges in Rate Dispute Defined

942A0482A Tokyo NIKKEI SANGYO SHIMBUN in Japanese 12 Jul 94 p 7

[Article by Tomohiro Ino]

[Text] The long-distance new common carriers (NCC) are becoming increasingly pessimistic about their fiscal year 1994 earnings outlook. This is because they are anguishing over a misinterpretation of the access charges which they began paying to Nippon Telegraph and Telephone (NTT) in April. Complaints have begun to be voiced, such as that of Managing Director Haruo Murakami of Japan Telecom, who says, "Over one-half of operating revenues were routed for payments to NTT"; and President Masa Higashi of Japan High-Speed Communications, who says, "We had estimated that access fees would be just over 40 percent of operating revenues, but they have turned out to be over 50 percent."

In June 1993, NTT announced a breakdown of revenues by operating division, including a regional operating breakdown covering fiscal year 1992 for the first time since the company was privatized. As a follow-up to that action, NTT worked with the NCC's to determine access charges and started collecting the fees in April. However, the NCC's are still unconvinced about the rationale behind the method used to determine the fees. In addition to their miscalculations which resulted in fees which were far above those anticipated, complaints are being strongly voiced that the "costs listed for the regional operating departments which serve as the basis for calculating the access charges by NTT are out of line."

Calculating the access charge involves the computation of NTT prefectural communication costs on the basis of NTT regional operating department total costs, and dividing the results by the traffic for the specific prefecture.

The access charge agreed upon after two months of negotiations from August 1993 consists of 12.57 yen per 3-minute call plus a 2.1-yen information inquiry fee (to cover a deficit in this area) per subscriber telephone for one party.

In the case of the common user, for subscriber telephones installed in the unit fee areas such as the 23 wards of Tokyo, the call fee is 10 yen for 3 minutes. The access charge for the two parties on both ends of a call is 27.24 yen. At a glance, this fee looks high, but the access charge is the same regardless of the distances involved in relation to the point of interface (POI). In the past, the user fee charged by and paid to NTT was based on the distance from the POI.

Methods for calculating NTT operating department revenues and expenditures and for calculating the breakdown for prefectural departments are prescribed in a Ministry of Posts and Telecommunications [MPT] circular, but the opinion prevails among NCC's that "disclosure of cost data is inadequate." Even in regards to the largest cost factor covering manpower, there is the criticism voiced by Managing Director Murakami of Japan Telecom that the "absence of intracity competitors makes it impossible to assess the objectivity of costs."

Although the profitability of NTT's long-distance department has worsened because of the cut in long-distance call rates last fall, its recurring profit for fiscal year 1993 was 36 percent. In contrast, profitability among NCC's is a mere 10 percent at DDI, where profits are highest among the group. NTT insists, "NCC's low profits are linked directly to the sharing of profits with their agencies," but even if costs for infrastructure investment are discounted, there is an illogical gap between the profitability of NTT and the NCC's.

An official of an NCC expresses resentment, saying, "The allocation of various expenses such as that for sales department expenses to the various departments is fraught with ambiguities. However, NTT has not even conducted a survey of facts in an effort to correct that situation." He is saying that NTT's lack of transparency in cost allocations are responsible for the wide disparity in profitability.

The road to establishment of access charges was originally realized in summer 1991 based on instructions issued by the MPT to improve interface conditions based on the idea of promoting fair and effective competition between NTT and NCC's.

However, it was NTT that consistently advocated the introduction of access charges, which are "basic fees commensurate with costs." The reason why the NCC's finally acceded to the access charge is that it was made a part of the package called "End-End Fee System" which provided for the diversification of fee services.

The End-End Fee System which was finally implemented in November 1993 is a method by which fees are determined by distance, regardless of the circuit's interface configuration. Under the "addition calculation method" used in the past, fees for NCC's long-distance circuits and NTT's basic circuits were calculated separately and made it difficult for users to understand actual call fees.

Under the End-End Fee System, calls for distances of more than 30 kilometers are always cheaper with NCC or the same as calls made via NTT during the day on weekdays, and greater freedom was established for providing new services such as discount fees. For NCC's, access charges and the End-End Fee System are both causes for reduced profits, but the NCC's acceded to them in exchange for the ability to overcome severe competition for long-distance telephone calls.

At the end of June, NTT published fiscal year 1993 revenues and expenses for its operating department. Arguments will now surface for calculating fiscal year 1995 access charges based on those figures. However, the outlook is that fees will be lowered for integrated services digital networks (ISDN), information services where deficits have been reduced, and public telephones, but intracity circuit charges will remain unchanged.

NCC's discontent expressed in the words, "access fees that are too high," will inevitably remain, but as long as conditions exist wherein NTT covers both intracity and long-distance services and NCC's are restricted to long-distance intercity services, there is the strong potential that both parties will fail to reach any sort of agreement.

* Editorial Opposes Public Fee Increases

942A0500A Tokyo NIHON KEIZAI SHIMBUN in Japanese 25 Jul 94 p 2

[Editorial: "Too Easy To Allow Public Fee Hikes"]

[Text] Only two months after the former Hata government issued the decision to freeze public fees for the balance of the year, the government has decided on a plan to hike them after the beginning of next year with a promise that it will exert efforts in the area of cost reduction. Reportedly, this week, the cabinet conference on price issues will confirm the resumption of approval proceedings for price increases. Lifting the freeze in such a perfunctory manner despite the lack of any change in basic conditions is difficult to accept.

It was only logical that Keidanren Chairman Shoichiro Toyoda immediately asked the government to move cautiously on the question of permitting hikes in public fees, and public sentiment has probably reacted in a similar manner.

Currently, the economy has reached a delicate stage where prospects of recovery, with personal consumption leading the way, have started to manifest themselves after a long recession. Industry is still in the process of implementing restructuring to include personnel layoffs. Price destruction and distribution channel destruction taking place amidst the competition for survival is giving birth to new forms of demand. It would be strange for Japanese public fees to rise in such a perfunctory manner, in conflict with such trends, when they are already considered high from a global perspective.

We have advocated that massive hikes in public fees that truncate the economic stimulus effects of actions such as income and residential tax cuts should be avoided to the degree possible. Among public fees, hikes have already been implemented since the beginning of the year for postal rates, public telephone calls, medical fees, and government college entrance fees. Other fees currently frozen are basic telephone rates, rent for public corporation housing units, Tokyo's water and sewage fees, freeway toll charges, taxi fees, fire insurance premiums, Tokyo's city-run buses, and subway toll charges. If such fees are raised over a short period, there will be a sizable economic impact on users of such services.

During the cabinet conference on prices in April, the government approved a basic policy outline concerning public fees that called for 1) across-the-board cost reductions, 2) limiting public fee hikes to unavoidable situations, and 3) adjusting effective dates and extent of public fee hikes to the maximum degree feasible. Such a basic posture is consistent with ideas we have stressed such as public disclosure of information on public fees as well as transparency in the administration of public fees, and it comprises policies which should be strictly adhered to on a routine basis.

In connection with the recent plan to lift the freeze on public fees, Economic Planning Agency Director General Masahiko Takamura said, "The decision does not alter the policies of the last administration, but we will conduct a review based on a forthcoming overall review." Additionally, we cannot deny the point wherein the government is rushing to lift the freeze on public fee hikes in connection with the budget estimates for the next fiscal year to be submitted in August and that the change in government has had a delicate effect on the situation.

In conducting the review on the lifting of the freeze, it is only logical that the government consider the impact on the economy, but it should also review the matter from a medium-and long-term perspective. It would be unwise to combine perfunctory cost reduction actions with modest cuts in fee hikes.

We should implement radical changes in organizations and services offered, stabilize fees and effect innovations that can lead to future cuts in fees. Worthy of consideration are discounts in fees charged for more diversified use of services offered.

Aggressive consideration should also be given to the introduction of intercorporation competition, relaxation of controls, and reform of fee-setting systems. Public fees should not be simply changed without explanations that are understood by users.

* Consumer Role in Future Telecom Viewed

942A0481A Tokyo NIKKEI SANGYO SHIMBUN in Japanese 15 Jul 94 p 5

[Text] We will have the capability to gain access to worldwide information from our living rooms and realize quantum progress in the way we conduct business and personal affairs. Product developers such as communications equipment makers paint a rosy picture for next-generation mobile communications networks to include personal handyphone systems (PHS), but there is no assurance that we will see future developments follow their predictions. The reason for this statement is that communications technology is closely tied to society and, unless products are developed and designed so as to accommodate the needs of the users, they face difficulty in gaining widespread, permanent use by the public.

As an example, although cellular telephones have gained widespread use, we have seen a sharp rise in complaints about radio-wave jamming of domestic telephones and television sets in the form of static. Even if new technology should bring benefits to a specific category of people, it is of no significance if it entails overwhelming disadvantages for a larger segment of people. Even the Telecommunications Technology Council report points out, "Future mobile communications systems must reflect technical development systems that encompass the needs and interests of users." The report refers to U.S. and European precedents for such an approach.

The American National Standards Institute (ANSI) has established an advisory agency called the "TI Committee." The committee proposes domestic standards for the point of interface of electrical communications networks and conducts surveys to compile the wide-ranging views of users. The cardinal rule for activities of the committee is "openness." The committee is characterized by its efforts at aggressive circulation of information on the technical aspects and committee schedules concerning work it performs in developing technical standards so as to gain the participation of corporations and consumers in the development of standards.

Even in Europe, the European Telecommunications Standards Institute (ETSI) which is the agency in charge of standards in the electrical communications sector takes the position that "participation of users is an important resource in the standardization process," and has engaged in on-site surveys and opinion surveys of over 50 user organizations and corporations.

On the other hand, Japan at the present time has no system to reflect user views in technical development efforts such as that found in Europe and the United States. Based on awareness of that deficiency, the Telecommunications Technology Council report states, "A system to accommodate user needs is indispensable in the areas of systems development, standardization, and commercialization."

Specifically, the report seeks 1) the aggressive use of technical seminars and questionnaire surveys during the system development and standardization phases, and 2) execution of prototype and pilot experiments with government or public agency funding in the commercialization stage.

As stated in the report, efforts on the part of makers and government agencies are required in order to prevent development of next-generation mobile communications technology "without the participation of the user." Users such as consumers must develop the capability to play a principal role in monitoring and assessing new technology so that it is developed in a manner which is of real benefit to the user.

* MPT Forms Study Group on Multimedia

942A0480A Tokyo NIHON KEIZAI SHIMBUN in Japanese 19 Jul 94 p 7

[Text] On 18 July, the Ministry of Posts and Telecommunications [MPT] announced plans to implement multimedia systems enabling the transmission and receipt of a wide range of information through the use of mobile communications systems using wireless modes such as the cellular telephone. The concept will enable communications via characters, images, and data as part of an effort to establish a sophisticated information communications infrastructure similar to cable communications using optical fiber networks, in view of the excess emphasis placed on voice transmission and receipt in current systems. Implementation of the new concept will require a major revision of radio wave policies, including the categorization of radio frequencies.

Specific plans will be reviewed by the Multimedia Mobile Communications Research Council, a private research council of the Telecommunications Bureau's director general, to be launched in the latter part of August. The council plans to submit a report by March 1994 on the role of mobile communications and multimedia in the potential growth of communications markets.

Multimedia mobile communications envisions the transmission and receipt of animated images through the combined use of cellular telephones and displays and the use of cellular telephones in conjunction with personal computer communications.

One of the reasons why mobile communications have been restricted to voice communications is the limited transmission capacity available for mobile communication because of technical restrictions. As an example, the transmission speed of personal handyphone systems (PHS) scheduled for commercialization in the summer of next year is 32 kilobits per second. This is a threefold improvement over previous versions of the cellular telephone, but is a mere third of the capacity of telephones using conventional telephone lines.

In the past, the MPT had fragmented frequency bands to enable the widest possible categorical uses of the limited number of frequencies available. We should not overlook the fact that that approach discouraged corporate efforts directed at technical development. Movements are underway for a reallocation of radio waves on an international level some time after the year 2000, causing the MPT to consider the move as providing a favorable opportunity to revise radio wave policies.

* Revision of Food Control System Urged

942A0363A Tokyo ASAHI SHIMBUN in Japanese 8 Jun 94 p 4

[Article by economic reporters Sosuke Okabe, Noriyuki Wakisaka, Yuichi Kojin]

[Text] Contradictions in the food control system are sprouting up here and there like weeds. The Diet and the Agricultural Policy Council are struggling with plans for the most radical reform to be undertaken in half a century. Agriculture faces a bleak future if these reformers settle for patchwork remedies by maintaining existing regulations and vested interests, which are present from the production of rice to its distribution and marketing. Besides limiting the government's role to storing emergency reserves and stabilizing rice prices, thorough deregulation of the rice market—from "producing" to "buying" and "selling" rice—is needed. At the very least, reform should 1) introduce optional acreage reduction, stressing the autonomy of farmers and agricultural cooperatives, 2) further promote the market mechanism to set prices, and 3) create a transparent system for rice imports.

Selective Acreage Reduction, Respecting Farmers' Autonomy and Their Will To Produce

The scene is much different than expected. The landscape is filled with the familiar sight of rice fields crisscrossed by a network of paddy lanes. Located along the Akano River, this region is blessed by an abundant supply of water and rich, fertile soil. As far as the eye can see, paddy fields, as wide as 1.2 to 1.5 hectares, carpet the landscape with green young rice shoots. There are four such parcels lined up side by side.

Large-scale farming operations began in Yokogoshi village (Nakakanbara-gun) in this rice-producing area of central Niigata Prefecture two years ago. Here, too, where there is ample evidence of the farmers' desire for large-scale agriculture, cracks have developed in Japan's policy to reduce production acreage.

The local Yokogoshi agricultural cooperative, unable to continue trying to "force the government's acreage reduction policy on farmers," quit assigning what amounted to semi-obligatory quotas on production this year, leaving matters up to the farmer to handle for himself. Since there also seemed to be opposition to the idea of using free (black) market rice dealers, the cooperative has promised farmers it will collect and ship crops harvested this autumn at the same price levels as "voluntarily" [independently] distributed and marketed rice.

"Why is it wrong for farmers to produce?"—this thought is on the mind of every farmer in this village. Their problem stems directly from the agreement made at the Uruguay Round (GATT's new multilateral trade negotiation talks) at the end of last year, at which time the government accepted demands for a partial opening of Japan's rice market; it was right after this that the National Federation of Agricultural Cooperative Associations [Zenchu] came out with a policy rejecting acreage reductions. Zenchu was later persuaded by the Ministry of Agriculture to withdraw its opposition, but even then, it has been unable to say to its farmers "cooperate and reduce production."

As a result, the ones who were caught in the middle are the village officials. Word was sent down by the Ministry of Agriculture by way of the Niigata prefectural office that villagers had been assigned the goal of reducing their acreage by 156 hectares (only 108 hectares have actually been taken out of production). Search though they might for another farming community to reduce its acreage in place of the village, none has been found. Unless the village finds a way to send out what it harvests from the remaining 48 hectares as rice to be processed for other uses [i.e., not as a food staple], neither the central government nor the prefecture will recognize the village as having met its allotted goal for acreage reduction.

Because the price for rice targeted for processing is much lower than the price commanded by voluntarily marketed rice, farmers stand to lose money. Village heads have gotten together with the cooperative and have decided to absorb the loss in the farmers' place.

If the village does not send the extra rice on for processing use and its actions are interpreted as a "rejection by the entire village of the acreage reduction" plan, then the central government and prefectural office may impose "penalties," not only by reducing "crop-conversion" subsidies to the farmers but also subsidies from the Ministry of Agriculture to the village itself.

Yokogoshi Agricultural Cooperative president Kosai Igarashi frankly expresses his frustration. "Why does the government impose penalties for farmers' not reaching its reduction goals?" he asks. "Instead, why don't they tell us we're responsible for selling the extra rice on our own. That way," he says, "it would make more sense. The way things stand now, none of us are going to make it."

On the outskirts of Niigata city, a professional farmer (age 47) has continued to ignore requests in recent years from the agricultural cooperative and local officials to cooperate and reduce his production acreage. As a result, disciplinary action has been taken against him, and the amount of land he is supposed to leave fallow has grown cumulatively every year. This year, for the first time, a notice sent to him in the mayor's name designated his assigned quota as 12 hectares.

Actually, this farmer only plants crops over an area of 6 hectares. Technically, this means he doesn't have any crops to send to government distributors. And so he is selling all the rice he harvests either directly to the consumer or to free rice market traders. Which is more reasonable—the government's actions or this farmer's? He laughs it off, saying, "To reach the government's goal for reducing farm acreage, it's like telling farmers to quit making rice. I guess the government didn't think I would be selling rice on my own just as I want."

The basic policy direction for the "new agricultural policy" indicated by the Ministry of Agriculture in 1992 was supposed to have introduced the principles of competition and to have nurtured the growth of farmers with a sound sense for management. The situation in Niigata indicates the time has come to introduce "optional acreage reduction," leaving it up to the farmer to decide whether or not he wants to participate and to withdraw aid to voluntary nonparticipants.

Making Import System Transparent, Opening Markets and Letting Consumers Decide

Thai rice, which was quickly imported by the Food Agency to meet the shortage in domestic rice, has not proven at all popular. According to recent reports, the rice is being passed on to relief agencies with requests that it be donated "to the starving people of Africa."

Despite the shortage of domestic rice, fields are left fallow because of a government policy to reduce rice acreage. While the price of rice on the international market has doubled, imported Thai rice is piling up in retail stores.

One is reminded of the frustrated look on the face of the Thai businessman whom this writer met in Bangkok at the end of March. The president of Nanapan, a midsized rice trading firm, Kanwan Tanteiponnanda [as transliterated] acknowledges that "the game will go to those who can provide rice that is tasty, of good quality, and safe to eat." He would like, he says, to "send Japan Thailand's best quality rice" but questions when that will be allowed to happen. His firm, which exports to the United States, deals mostly in a brand of rice (Kao Homu Mari) well-known for its flavor, rather than the long-grained variety imported by Japan.

The Food Agency thoroughly examined recent emergency shipments of imported rice, conducting safety and toxicity tests, etc., but what it was unable sufficiently to discern was whether the taste and quality of the long-grained Thai rice would be accepted by the consumer. Says an employee of a local trading firm, "All we kept getting were requests to hurry and send rice."

From this mistake, it seems like a tall order to expect the Food Agency to import rice that meets market demands. It would be better for the agency to leave things in the hands of the private sector.

A troublesome outcome of the agreement reached at the Uruguay Round of GATT talks, however, is that the Japanese government will seriously have to begin importing foreign rice from next year, with the Food Agency giving the same unitary recognition to all rice imports as a "national trade item." Under the current food control system, individuals and foreign food companies cannot freely import cheaper U.S.-produced rice even if they want to. The only ones allowed to engage in the business of importing rice are trading firms registered with the Food Agency. The Uruguay agreement has brought out complaints that it has let the Food Agency expand vested interests. Within the Food Agency, the view is that imports are being allotted to registered companies based on their "past performance," but the agency still hasn't announced criteria for making decisions.

Says Paul Sutton, resident councilor to the Australian Embassy, "We're hoping the agency makes its process of deciding from where and how much rice to import transparent and open." As a reminder, he adds, "I don't believe the Japanese government has guaranteed any specific countries it will buy rice from them." This reference to "specific countries" can only mean the United States.

Plans to provide minimum access to Japan's rice market will start next year with 3.179 million tons of imported rice (numbers based on white rice), with the prospect for 7.158 million tons in imports by the year 2000. To decide on the choice of brand names and countries from which to import rice, the Food Agency will introduce a simultaneous bidding system (SBS) (see Note 2), recognizing private initiative. During its initial year, however, this system is expected to handle only about 5,000 tons of rice.

Besides trading companies and the countries exporting rice to Japan, the future of rice imports is of a great deal of interest to rice wholesalers and agricultural cooperatives. What is needed, to begin with, is a way to provide the public with information regarding the Food Agency's registration system and losses due to differences in exchange rates, as well as efforts to adjust the selling price of rice according to changes in supply and demand. The system for importing rice should be made transparent and open by effecting such measures as a bidding system modeled after the SBS system.

[Box, p 4]

Principal Group Demands for Revision of Staple Food Control Act

Zenchu

- Maintain system of national self-sufficiency in rice
- Require storage and reserves of 2 million tons
- Revise present allotment system for acreage reduction
- Stabilize price of government-purchased rice
- To minimize impact of imported rice on domestic supply and demand, limit provision of imported rice as a staple food product to times of emergency, and provide aid to farmers
- Create system of price stability for distribution of voluntarily marketed rice

Keidanren

- Introduce optional acreage reduction system
- Reform price-setting structure for voluntarily marketed rice, increase listed amounts and frequency of bidding, relax regulations on the price range for buying or selling rice, and effect greater diversity among sellers and buyers
- Eliminate voluntarily marketed rice subsidies and reductions in the price of government-purchased and government-sold rice
- Improve system for specially grown rice and ways for producers to sell such rice directly
- Further relax regulations on forming agricultural corporations and recognize food companies as members
- Relax regulations on sale of rice seeds, and allow producers to freely purchase seeds from nurseries
- In principle, liberalize market entry of rice retailers; relax conditions for designating forwarding agents

Rengo

- As soon as possible change to an optional acreage reduction system
- Gradually expand system limiting price fluctuations in voluntarily marketed rice price-setting structure
- Relax restrictions on new market entry by forwarding agents, wholesalers, and retailers
- Designate 2001 as the year to change over from current food control system to new system; encourage efficient use of market mechanism, and gradually switch to market system
- Reform current food control system, creating a new system which provides for public information about amounts of rice produced and marketed and the purchase and sale during normal times of emergency rice reserves; as the basis for this new system, adjust supply and demand through the market and rice reserves
- Keep revolving reserve based on unhulled rice for 20 percent of consumption
- Relax regulations for specially grown rice, aiming at total liberalization of direct sales of rice by producers to consumers [end box]

Expanding Market Principle, If Vested Interests Are Maintained, Consumers Will Be Saddled With the Bill

The shortage of domestically produced rice due to a bad harvest has spurred the growth of the free rice (black) market and thrown the shortcomings of distribution controls under the staple food control system into broad relief. What has made that reality even clearer is the private market for futures trading that opened up in Osaka, which is home to many free rice dealers.

This futures market was begun on the first of the month along with spot transactions by a free rice brokerage firm, Osaka Seibei Shijo (Noboru Kondo, president). By the sixth of the month, arrangements had been concluded for the sale and purchase of Miyazaki and Kagoshima Koshihikari [rice] (delivery date 10 August). Osaka Seibei, a [joint-stock] corporation formed seven years ago, has 150 members, including free rice dealers, large-scale farmers, and agricultural cooperatives. Prices on the market have become a barometer for free rice prices for the entire country.

Futures prices also seem to have an influence on new rice shipments. There is a continuing tug of war between agricultural cooperatives and free rice dealers over contracts for new rice shipments from early rice-producing areas like Miyazaki, Kagoshima, and Kochi Prefectures, where crops are harvested as early as the last two weeks of July. Even when shipped to local agricultural cooperatives, 61 kilograms of rice should bring over 20,000 yen if last year is any precedent. Depending on this summer's weather, free rice dealers will probably offer around 40,000 yen. In times of such uncertainty, futures prices will become the standard.

Nor are the agricultural cooperatives standing around twiddling their thumbs. Advances on contracts, which were around 3,000 yen at most last year, have been raised to 10,000 to 20,000 yen this year. Farmers are also making some hard-line calculations; if the free rice market brings higher prices, they will ship their crops there and, if the prices are low, then they plan to ship them to their local agricultural cooperatives.

The government hasn't given official recognition to the existence of free rice markets. Therefore, the Food Agency's position on the futures market for free rice is to ignore it, considering it "outside [the agency's] problem area." According to a large retailer, however, "the agency may not take part in the market but it does have an interest in it."

To resolve contradictions in the rice distribution system, the Ministry of Agriculture four years ago created a (spot market) structure for setting prices for voluntarily marketed rice. A number of problems, however, exist. In addition to various regulations—restricting, for example, wide fluctuations in rice prices, market participants, and listed brand names—the National Federation of Agricultural Cooperative Associations and local cooperatives, which control over 90 percent of rice distribution, participate in the market as both buyers and sellers to take the lead in setting prices. Thus, when the market failed to respond adequately to the soaring price of rice due to crop failures last autumn, the ministry was forced to temporarily close the market, clearly showing the limitations of "government created markets."

Attempts to mend the market will fail as long as they are limited to the distribution stage and are kept to the level, as they have until now, to the ministry's merely relaxing the conditions for the participation of new wholesale and retail dealers. What is needed is more freedom through all stages of the process—from production to marketing and consumer buying.

[Otherwise, what is left are] farmers who cannot freely produce or sell their rice; distributors who are unable to get what their customers want and are saddled with storehouses full of unsold rice; and consumers who are forced to take blended, imported rice or, when they can buy it, specially grown rice that has been inspected by the Food Agency. Only by having an environment in which producers and distributors can exercise their ingenuity and imagination to provide diversified consumer goods will the market work.

Consumers will bear the cost after the supply and demand structure collapses as long as "government rice prices" or "protectionist prices" to maintain vested interests takes precedence. Rice has the elements of being both a "product" and a "staple of life," so a protectionist policy to some degree is unavoidable. However, it is important to create rules in line with the internationalization of the economy that are easily understood and backed by a solid food policy.

Notes

1. Government-controlled rice. According to the Staple Food Control Act, in principle "all [rice] is [government] controlled." This "government-controlled rice" is made up of rice which the government directly buys [from producers] and rice which, though voluntarily marketed, is distributed under government control. Together these two make up only 60 percent of the entire annual rice crop, which amounts to approximately 10 million tons. Thus, government control actually extends over only a portion of all rice produced in Japan. This portion, moreover, is decreasing year by year and during the past several years has fallen to the 1 million ton level. With last year's poor harvest, it amounted to about 50,000 tons.

2. Simultaneous bidding system [SBS] for buying and selling commodities. This is a system whereby the import company and the wholesale company, which has domestic outlets, unite to offer a bid for a certain amount of rice at a certain price. A characteristic of this system is that bids easily reflect actual trends in supply and demand and assessments of the quality of the rice in question. Preceding the deregulation of imported beef [in 1991], the Livestock Revival Association adopted the system from 1984 to 1990 for beef imports.

Mixture Ratio of Imported Rice To Be Changed

OW2807134794 Tokyo KYODO in English 1327 GMT 28 Jul 94

[Text] Tokyo, July 28 KYODO—The Food Agency will deregulate the mixture ratio of imported rice in the government-set "standard price rice" and let local governments decide on the ratio from September, agency officials said Thursday [28 July].

At present, the ratio required by the agency is 80 percent medium- and short-grain rice imported from countries such as the United States and 20 percent long-grain rice imported from Thailand.

The ratio can vary depending on demand in local areas, the officials said, adding the idea is to gradually shift from imported to domestic rice for the standard price rice.

From November, the start of the new "rice year," that class of rice can be all domestic, they added.

Following the poor rice harvest last year, Japan imported rice from other countries.

While there are various kinds of rice, Japanese consumers prefer the medium- and short-grain type, and the government required the foreign rice be mixed at a certain ratio.

The rice crop this year is forecast to be good.

Researchers: Bumper Harvest May Result in Glut

OW2707140294 Tokyo KYODO in English 1321 GMT 27 Jul 94

[Text] Tokyo, July 27 KYODO—Japan's rice harvest this year, predicted to be a bumper crop by the government, may actually be too great and boost the nation's rice inventories far beyond adequate levels, private rice researchers warned Wednesday [27 July].

According to the estimate by research organizations monitoring in particular rice supplies and harvest, acreage this year totals 2.2 million hectares, up 80,000 hectares from last year. The increase is attributed, among other factors, to greater enthusiasm among farmers in reaction to last year's poor crop.

Researchers project this year's rice harvest to be around 11 million to 12 million tons. The 11 million ton level is already 2 million tons more than Japan's average annual rice consumption.

With about 400,000 tons of foreign rice Japan is scheduled to buy in fiscal 1995, as agreed in the Uruguay round of world trade talks, the nation will have more than 2 million tons in its rice mountains, they added.

The Agriculture, Forestry and Fisheries Ministry's rice experts see the adequate level of rice stockpiles at around 1.5 million tons. The ministry announced Wednesday the nation's rice production this year will be the highest in four years thanks to the hot and sunny weather this summer.

The projected "more than enough" harvest may heat up the ongoing debate in the farm ministry on reviewing the government system of rice stockpiles and its rice production control program, farm issue analysts said. They said excessive inventories mean a heavier burden on the government's food-controlling account, which has long been in the red.

According to the Food Agency, inventory costs for a ton of rice amount to about 16,000 yen per year. The storage cost for 2 million tons of rice will top 32 billion yen. In the 1980s, the government's rice stockpiles topped nearly 7 million tons at one point due to excessive bumper crops. It cost the government some 2 trillion yen to store the grain and to sell the "old" rice at cheaper prices, the analysts pointed out.

North Korea

U.S. Accused of Spoiling Talks Atmosphere

SK2807061494 Pyongyang KCNA in English 0502 GMT 28 Jul 94

["Surprise Air Strike Exercise Against North"—KCNA headline]

[Text] Pyongyang, July 28 (KCNA)—More than 30 pursuit-assault planes, assault planes and pursuit planes flown from the U.S. ultra-large aircraft carrier "Kitty Hawk" afloat in the waters close to the Korean peninsula on July 26 ran wild in an exercise of continuous strikes at imaginary targets of the northern half of Korea, according to military sources.

On the same day, formations of Japan-based fighter-bombers and pursuit-assault planes flown to the sky above South Korea staged a bombing exercise against targets in the depth of the northern half of Korea in coordination with flying corps of the U.S. Seventh Air-force in the sky above Tokjok and Oeyon islands.

The U.S. imperialists must stop all the war manoeuvres spoiling atmosphere of DPRK-U.S. dialogue.

Former Officer Predicts New Regime's Short Life

OW2507140394 Tokyo MAINICHI SHIMBUN in Japanese 23 Jul 94 Morning Edition p 3

[Summary of interview with former North Korean officer Ho Chin by correspondent Ryoichi Mihei in Moscow on 22 July]

[Text] There is an ethnic Korean in Moscow who is closely watching the DPRK (North Korea) situation following the death of President Kim Il-song. His name is Ho Chin (66). He is typical of former North Korean military officers who stood against the Kim Il-song regime. When he was studying in the Soviet Union in 1956, he became critical of Stalin and decided to make a break with the Kim Il-song regime. In an interview at his residence in Moscow, he gave a critical view of the new Kim Chong-il regime.

[Mihei] How do you feel about the death of President Kim?

[Ho] I regret his death. Many years ago, I had several personal talks with the president in Pyongyang. It was a lonely death. Like other dictators, he had nothing but power to resort to. Therefore, he was unable to share his power with his son. He did not give the posts of party general secretary, head of state, and chairman of the Supreme People's Assembly to his son until he died. In the military arena, Kim Chong-il assumed the post as chairman of the State Defense Committee [name as published]. However, the post of chairman of the Military Affairs Committee, which is placed above the State Defense Committee, was occupied by Kim Il-song.

[Mihei] Why then did he designate Kim Chong-il as his successor at an early time?

[Ho] Just like Stalin, Kim Il-song also entertained some apprehensions about things that would happen after his death. He wanted to maintain his honor even after his death. It was only his son who could guard his honor.

[Mihei] Could you tell me about Kim Chong-il?

[Ho] As a son of a person in power, he has a lot of bad points. When he visited Moscow with his father in November 1957 on the 40th anniversary of the end of the Russian Revolution, he was 15. In the North Korean Embassy in Moscow, he was arrogant enough to say: "Do you not have any interesting movies?" His personality has not changed. Unlike his father, he is bad at speaking logically. He is not fit to be head of state. With his position, he should have served as chief mourner. But he served as funeral committee chairman instead. The socialist procedure for the succession of power broke a North Korean tradition.

[Mihei] What is your prediction for the Kim Chong-il regime's future?

[Ho] When the president was alive, senior North Korean officials had to live with the power balance between Kim Il-song and Kim Chong-il. They would have endangered themselves if they sided with one of them. The military authorities do not trust Kim Chong- il. The people believed the myths around Kim Il-song even if they were fabrication. His son, however, is not as charismatic as his father. Thus, I think the Kim Chong-il era will not last long.

Kim Chong-il Thanks Army for Arranging Sites

SK2507054094 Pyongyang KCNA in English 0509 GMT 25 Jul 94

[Text] Pyongyang, July 25 (KCNA)—Comrade Kim Chong-il, supreme commander of the Korean People's Army, sent thanks to the People's Army soldiers who set an example in arranging better revolutionary sites in Pyongyang.

The People's Army soldiers who bade their last farewell to the great leader President Kim Il-song, the founder of the heroic Korean People's Army, in bitter grief, have completely changed the looks of the revolutionary sites with the statues of President Kim Il-song including Mansu Hill in Pyongyang with an ardent wish to glorify his great revolutionary exploits forever down through generations till July 21 from the afternoon of July 20, after the national memorial service.

Comrade Kim Chong-il praised their deeds, saying the traits of our revolutionary army grown up by the leader are so fine.

People Vow To Uphold Kim Chong-il With Arms

SK2707035594 Pyongyang Korean Central Broadcasting Network in Korean 2100 GMT 26 Jul 94

[Text] Today we mark the 41st anniversary of victory in the great fatherland liberation war. Commemorating this significant day, our people and People's Army are warm-heartedly recalling immortal revolutionary achievements of the great leader Comrade Kim Il-song, who led the unprecedentedly fierce three-year war to victory, with a sense of boundless piety. We are filled with burning determination to carry to accomplishment national reunification and the chuche revolutionary cause generation after generation in firm unity with Comrade Kim Chong-il, supreme commander of the Korean People's Army [KPA], in compliance with the fatherly leader's will.

In front of the Commemorative Tower for Victory in the Fatherland Liberation War, Yu Song-hwan, reporter of the Central Broadcasting Network, interviewed Chang Won-kil, a war veteran; Pak Kyong-suk, a lecturer, and Kim Chang-sik, an army officer. They said:

[Begin recording] [Chang] The three-year long fatherland liberation war, which was enforced by the imperialists, was indeed a grave trial to our party and our people.

Our people and People's Army, confronting the aggression of combined forces of the imperialists in this war, had to wage a fierce struggle at every step. Our people and People's Army smashed and drove out the enemies in the air, on the ground, and in the sea, at every step of the war according to operational plans of the great leader Comrade Kim Il-song, ever-victorious veteran commander. Thus, we won historic victory.

Our victory, striking the world with admiration, was the very great victory of the iron will, invariable faith, patriotic devotion of the respected leader Comrade Kim Il-song. It was also the brilliant victory of the leader's chuche-oriented strategy and tactics and outstanding alchemy.

The great leader Comrade Kim Il-song rescued our fatherland from a life-or-death crisis by leading the three-year-long fierce revolutionary war to victory, and opened the bright future for our revolution. His revolutionary achievements will shine forever in the history of the nation and will be remembered forever by our people and by officers and men of the People's Army in their hearts. His revolutionary achievements will be the banner encouraging them onward to all victories.

[Pak] During the one-year period since the Commemorative Tower for Victory in the Fatherland Liberation War was built, approximately 2.24 million workers from all walks of life, youth and students, soldiers of the People's Army, visited this tower. This single fact alone proves the strength of the will of our people and officers and men of the People's Army to glorify the immortal revolutionary achievements of the great leader Comrade Kim Il-song, who forever led the fatherland liberation war to victory, generation after generation. The fact also clearly shows the firmness of their faith to loyally uphold General Kim Chong-il, respected supreme commander, in compliance with the leader's [suryongnim] will.

[Kim] Today our struggle has become more valuable, and a bright future is open before us. General Kim Chong-il, ever-victorious iron-willed commander who has most excellently attained both military and literary accomplishments with a sense of loyalty and filial piety, stands at the supreme position of our party, revolution and revolutionary armed forces.

Our people and People's Army, who have attained single-hearted unity with General Kim Chong-il, the great and sagacious commander, will be continually victorious in the arduous struggle for socialism in the future, too, just as we smashed the vicious aggressors 40 years ago.

We will follow General Kim Chong-il, respected supreme commander, in every step, and will uphold him with arms. We will ensure the chuche revolutionary cause with arms to the end in compliance with the fatherly leader's will. [end recording]

Kim Chong-il Called 'Great Military Genius'

SK2807104794 Pyongyang Korean Central Broadcasting Network in Korean 2300 GMT 26 Jul 94

[Unattributed talk: "Immortal Achievement in Deepening and Developing Chuche-Oriented Military Science"]

[Text] Comrade Kim Chong-il, supreme commander of the Korean People's Army [KPA] who is a great military genius and ever- victorious iron-willed commander, is constantly deepening and developing the chuche-oriented military science created by the great leader Comrade Kim Il-song.

Thanks to the great military genius of the dear comrade leader, chuche-oriented military science has been further deepened and developed. As a result, a firm military guideline has been provided. This guideline enables us to resolve all military problems raised in accomplishing the chuche revolutionary cause according to the great leader's [suryongnim] ideas and intent.

The dear leader Comrade Kim Chong-il has pointed out: The ideas and cause of the leader [suryong] who pioneered the road of revolution for the first time are to be safeguarded and inherited by the successor who is unswervingly loyal to the leader [suryong].

The immortal achievement made by the military genius Comrade Kim Chong-il in deepening and developing the chuche-oriented military science is that he formalized the military theories of the great leader [suryongnim] by linking them with the great leader's name, and also newly elucidated their contents, characteristics, and historical position.

Scientific formalization of military theories put forward by the leader is a basic issue for developing military ideas and theories of the working class, and for accomplishing the cause of building the military.

Only when the military theories put forward by the leader [suryongnim] are formalized in a scientific manner, and when their contents, characteristics, and historical position are precisely expounded, can one put forward a correct guideline for the building of the military and for military activities as well as firmly ensure militarily the revolutionary cause of the working class without a slight degree of deviation.

Comrade Kim Chong-il, the great leader [yongdoja] of our party and our people, formalized military theories personally created by the great leader [suryongnim] by linking them with his name, and gave a unique creative definition of their contents and characteristics.

Chuche-oriented military science assumes chuche-based military ideas, military theories, and military tactics as its basis. It is a people-centered military idea, military theory, and military tactic which has advanced and been systematized based on people.

With chuche-oriented military science being unfolded as a monolithic system of chuche-based military ideas, military theories, and military tactics, the characteristic of chuche-oriented military science, which is distinguished from all precedent military theories, has been clearly expounded. In addition, the profound nature, perfectness, and logical orderliness of chuche-oriented military science, as well as the monolithic nature in its constituent system, have been confirmed at the highest stage.

This is a noteworthy ideological and theoretical achievement by the military genius Comrade Kim Chong-il in the course of deepening and developing chuche-oriented military science and establishing a scientific understanding of its greatness.

Another immortal achievement by Comrade Kim Chong-il, extraordinary leader [tagworhan yongdoja] of our party and our people, in deepening and developing chuche-oriented military science is that he has generally deepened and developed all contents of chuche-based military ideas, military theories, and military tactics.

The revolution is continuously advancing, and the reality is constantly changing and developing. Military theories of the working class should be constantly developed and completed in accordance with the demand of advancing revolutionary practice [hyongmyong silchon] and military practice [kunsa silchon].

Comrade Kim Chong-il, extraordinary leader of our party and our people, has deepened and developed anew all contents of chuche-based military ideas, military theories, and military tactics in accordance with the demand of developing revolutionary practice and military practice.

Comrade Kim Chong-il, a great military genius, has further developed and enriched the chuche-based military ideas with new and unique principles and contents. The chuche-based military ideas are the essence and most important part of chuche-oriented military science. The great military genius Comrade Kim Chong-il has deepened and developed anew the basic principles of chuche-based military ideas.

Comrade Kim Chong-il, extraordinary leader of our party and our people, elucidated that considering people to be the basis is the starting principle of the great leader's [suryongnim] military ideas, and has deepened and developed this anew in principle. Thus, it has been elucidated in a principled and profound way that people occupy the master's position and play a decisive role in a military movement; it has been explained afresh that the position and role of each person and soldier, as well as of the masses, is guaranteed by the leader's [suryong] leadership in a revolutionary military movement.

Since the great leader [widaehan yongdoja] Comrade Kim Chong-il deepened the content of the basic principles of chuche-based military ideas, with the leader's [suryong] position and role as the basic core, a fundamental change has been made in the viewpoint of military issues; the foundation [chosok] of chuche-oriented military science has been firmly hardened; and a firm guarantee for elevating its revolutionary and scientific aptitude to a new and higher level has been achieved.

Comrade Kim Chong-il, a great military genius, has also constantly developed and enriched chuche-based military theories with new and unique content. He generally analyzed and summed up large and small wars of mankind from a chuche-based standpoint, and based on this has newly elucidated the nature and character of war as well as the origins of modern war.

The ideas and theories of the great leader [yongdoja] Comrade Kim Chong-il—who newly elucidated the nature and character of war, the origins and features of modern war, and the factors for victory in a revolutionary war based on the chuche principles—are valuable ideological and theoretical achievements that completed the working class's revolutionary war theory and deal a decisive blow to various opportunists' sophism on war. They are also mighty ideological and theoretical weapons that guarantee the victory of modern revolutionary war.

To model the entire army after the chuche idea is to strengthen and develop the People's Army into the party's revolutionary armed forces which are endlessly loyal to the chuche revolutionary cause by thoroughly embodying chuche-based military ideas, theories, and tactics in military building and military activities.

The idea and theory on modelling the entire army after the chuche idea is the supreme program [choego kangnyong] of military building that should be firmly adhered to in strengthening and developing the revolutionary army into the army of the leader [suryong] and the party. The general direction and goals of military building and the tasks related to the struggle for it are comprehensively expressed in the idea and theory.

The idea and theory of remodeling the entire army on the chuche idea is a historic event noteworthy in the development of the theory on building the working class army.

The great military genius Comrade Kim Chong-il put forward the chuche-orientation of the entire army as a basic line for the building of revolutionary armed forces. He made the revolutionary army the army of the party and of the leader, and saw to it that the revolutionary armed forces be organized so as to achieve a self- defense posture. By giving priority to political work, he precisely linked works on military technology and defined the establishment of rock-firm discipline as the important principle for the building of revolutionary armed forces.

He comprehensively elucidated tasks and means for strengthening the revolutionary army both politically and ideologically.

Elucidation and overall systematization of the theory on the building of revolutionary armed forces based on chuche-orientation of the entire army is indeed a brilliant achievement in providing a unique and correct guideline for the building of revolutionary armed forces in our era, the era of chuche.

The dear comrade leader, the military genius, comprehensively deepened and developed chuche-based military tactics. Chuche-based military tactics hold an important position in chuche-oriented military science, together with chuche-based military ideas and theories.

In our era, a broad range of popular masses hold the position of masters in the revolutionary war. They are enhancing their role as the masters. Thus, our era demanded that basic reform be carried out in military tactics, just as in all other military fields.

This earnest demand of our era was brilliantly resolved because the great leader [suryong] realized the chuche idea in military fields and created chuche-based military tactics, and because Comrade Kim Chong-il, the great military genius, inherited and constantly developed such tactics.

Comrade Kim Chong-il, the outstanding leader [yongdoja] of our party and people, elucidated the essence of people-centered military tactics. Based on this, he newly expounded on the essence, characteristics, and basic demands of chuche-oriented military tactics.

In addition, he elucidated the method and combat formula of modern revolutionary war which embodied the demand of chuche- oriented military tactics, and clearly pointed out their major demands. He further developed and enriched all contents of chuche- oriented military tactics in compliance with the demands of modern revolutionary war.

Thanks to the ideological and theoretical activities in the military field by Comrade Kim Chong-il, the military genius who is deepening and developing chuche-oriented military tactics, chuche- oriented military tactics have been further perfected as revolutionary and scientific tactics, enabling us to crush any powerful imperialist aggressor force politically, ideologically, strategically, and tactically by fully mobilizing and utilizing the boundless strength of the people, soldiers, and masses.

Indeed, the achievement made by Comrade Kim Chong-il, the outstanding leader [yongdoja] of our party and our people, in deepening and developing chuche-oriented military science shines as a great historic merit which cannot be compared to anything.

By cherishing a boundless pride in upholding Comrade Kim Chong- il, the great military genius and ever-victorious iron-willed commander, in the supreme position within our party and revolutionary armed forces, we should firmly arm ourselves with our party's chuche-oriented military science and thoroughly carry it to completion. Thus, we should strengthen the People's Army in every way, and should expedite the socialist and communist cause.

Young Soldiers Vow Loyalty to Kim Chong-il

SK2807061094 Pyongyang KCNA in English 0523 GMT 28 Jul 94

[Text] Pyongyang, July 28 (KCNA)—Young soldiers of the three services of the Korean People's Army [KPA] held a rally of loyal oath in front of the victory sculpture, the main theme of the monument to the victory in the fatherland liberation war on a bank of the Potong River in Pyongyang Wednesday on the 41st anniversary of the great victory in the war (July 27, 1953).

They vowed to unite in one mind ever closer behind General Kim Chong-il, the respected supreme commander, and firmly prepare themselves to be rifles and bombs for defending him with their lives, true to the behests of the great leader President Kim Il- song.

At the rally, the speakers expressed their determination to change the sorrow at the loss of their great and kind father Generalissimo Kim Il-song into strength and courage and remain loyal to the leadership of General Kim Chong-il.

The ralliers shouted in chorus at the call of a soldier the resolution of the young soldiers of the three services of the KPA vowing loyalty to General Kim Chong-il.

They firmly pledged themselves to be young heroes in the fight against the enemy, shouting "Long live General Kim Chong-il!" with the faith that whatever imperialist aggression forces may pounce upon them, they will certainly win because they are guided by the great General Kim Chong-il.

Present at the rally together with the young soldiers were Choe Kwang, vice-chairman of the National Defence Commission of the DPRK and chief of the General Staff of the Korean People's Army, and other vice marshals of the KPA, senior officers of the Ministry of the People's Armed Forces and commanders of the services and arms of the KPA.

Compilation of Events Marking War Anniversary

SK2807084494

[Editorial Report] The following is a compilation of reports carried by Pyongyang Korean Central Broadcasting Network in Korean on 27 July on events marking the 41st anniversary of victory in the fatherland liberation war.

At 1112 GMT, the radio carried a 10-minute report on the morning gathering of young soldiers from the Army, Navy, and Air Force of the Korea People's Army [KPA] at the monument of victory in the fatherland liberation war to express their resolve of loyalty to "the beloved and respected supreme commander Kim Chong-il."

The announcer reported that present at the gathering were "Vice Marshal Comrade Choe Kwang, vice chairman of the DPRK National Defense Committee and chief of the General Staff of the KPA; KPA Vice Marshals Kim Pong-yul and Kim Kwang-chin; and KPA commanders and general officers." KPA general officer and Hero of the Republic Kwon Hyok-chang, officers Choe Kyong-uk and So Kyong-mi, and Sergeant Kim Un-tok took part in a discussion expressing their resolve. The speakers said that although they are marking the 41st anniversary of the war victory with broken hearts over losing Generalissimo Kim Il-song, the KPA soldiers are confident of victory because they still have "the Supreme Commander Comrade Kim Chong-il, our intimate father [chingunhan oboi], our heaven and destiny, and the most outstanding general in the world."

The announcer reported that a letter of pledge to Kim Chong-il was adopted at the gathering, and provided a recording of an unidentified soldier reading the letter, which was repeated by the young soldiers sentence by sentence. The letter noted Kim Il-song's teaching that "I expect all officers and men of the People's Army to take the Supreme Commander Comrade Kim Chong-il's orders as my orders, and absolutely obey those orders." They pledged to "become guns and shells, as well as fortress and shields, to defend and safeguard the respected and beloved general with our lives"; to "firmly establish a revolutionary military discipline and strict command system" so that Kim Chong-il's "military leadership system is firmly established throughout the entire army"; and to bring the news of reunification to the bier of fatherly leader Kim Il-song "when a military parade is held in front of the respected and beloved supreme commander to celebrate the victory in reunification." The letter ended by wishing Kim Chong-il longevity.

At 1122 GMT, the radio carried a 10-minute report on the parade of officers and men of the Army, Navy, and Air Force of the KPA held at the War Victory Square earlier in the morning of 27 July. The announcer reported that standing at the rostrum were "Vice Marshal Comrade Choe Kwang, vice chairman of the DPRK National Defense Committee and chief of the General Staff of the KPA; KPA Vice Marshals Comrade Kim Pong-yul, Comrade Kim Kwang-chin, and Comrade Choe In-tok; concerned functionaries; and KPA commanders and generals."

The announcer introduced the entries in the parade and intermittently lauded Kim Il-song's contribution to the founding and development of the KPA, as well as to the victory in the fatherland liberation war, noting the high spirit of the KPA soldiers to safeguard the country and people. The first entry in the parade was the column from the Kim Il-song Military University, followed by columns from the Kim Il-song Political University, Kim Hyong-chik University, Kang Kon Military University, and other military schools; columns from the Army, Navy and Air Force; a column of anti-aircraft batteries; and the column of the Mangyongdae Revolutionary School.

The announcer reported that the DPRK people and the People's Army will uphold the dear leader Comrade Kim Chong-il, "who is the great leader [widaehan suryong] of the socialist cause, as the top leader [choego yongdoja] of the party, the state, and the revolutionary Armed Forces."

At 1230 GMT, the radio carried a 68-minute broadcast soiree to mark the 41st anniversary of the victory in the fatherland liberation war. The program was a combination of talks and music in which heroes of the republic recalled the battles led by Kim Il- song, composers of war music talked about the background of the songs they composed, veterans talked about Kim Chong-il's love and care for them by sending them personal letters and birthday food tables, disabled veterans talked about Kim Chong-il's arrangement for them to rehabilitate, and children and grandchildren of veterans pledged loyalty to Kim Chong-il.

Wreaths Laid at Kim Il-song Statue

SK2707213194 Pyongyang KCNA in English 1534 GMT 27 Jul 94

[Text] Pyongyang, July 27 (KCNA)—Senior party and government officials, soldiers of the Korean People's

Army [KPA], working people, students and school children laid wreaths before the statue of the respected leader President Kim Il-song standing on Mansu Hill here today on the occasion of the 41st anniversary of the victory of the Korean people in the great fatherland liberation war.

Placed before the statue was a wreath sent by Comrade Kim Chong-il, chairman of the National Defence Commission of the Democratic People's Republic of Korea and supreme commander of the Korean People's Army.

Present at the wreath-laying were O Chin-u, Yi Chong-ok, Pak Song-chol, Kim Yong-chu, Choe Kwang, Kye Ung-tae and other senior party and government officials.

Wreaths were laid in the name of the Central Committee of the Workers' Party of Korea, the Central People's Committee and the Administration Council of the DPRK, the Ministry of the People's Armed Forces, the Ministry of Public Security, commissions and ministries of the Administration Council, central organs, the joint organization of the Korean Children's Union, units of the Korean People's Army, educational, health and press organs, party, power and administrative and economic organs, industrial establishments and cooperative farms in Pyongyang.

The ribbons of the wreaths bore the letters "the great leader Comrade Kim Il-song will be immortal."

The participants paid a silent tribute to the memory of the great leader President Kim Il-song, who drove back the invasion of the imperialist allied forces and creditably defended the independence and honor of the country by shouldering the heavy burdens in the fatherland liberation war and arousing the Army and the people to the heroic struggle for the victory in the war.

Today, working people of all strata, intellectuals, students and school children and KPA soldiers laid bouquets of flowers before statues of President Kim Il-song erected in different parts and observed a silent tribute in the memory of the great leader.

Senior party and government officials, KPA soldiers, working people, students and school children also laid floral baskets at the monument to the victory in the fatherland liberation war.

A basket of flowers sent by Comrade Kim Chong-il was placed before the sculpture of main theme of the monument "Victory."

The participants paid a high tribute to the officers and men of the heroic Korean People's Army who defeated the imperialist allied forces in the fatherland liberation war and defended the freedom and independence of the country and the gains of the revolution with honor under the wise guidance of the party and the leader.

Leadership Appearances at Events

SK2807003694

[Editorial Report] This is a compilation of reports of leadership appearances at events marking the 41st anniversary of the victory in the fatherland liberation war that were carried by Pyongyang Korean Central Broadcasting Network in Korean on 27 July.

A three-minute report is carried at 2100 GMT on the 27 July central report meeting held at the February 8 House of Culture to mark the above-mentioned occasion. Participants at the meeting were: "Comrade O Chin-u, first vice chairman of the DPRK National Defense Committee and minister of the Ministry of the People's Armed Forces; Comrades Yi Chong-ok, Pak Song-chol, and Kim Yong-chu, members of the Political Bureau of the Central Committee of the Workers Party of Korea [WPK] and vice presidents of the DPRK; Comrade Choe Kwang, vice chairman of the National Defense Committee and chief of general staff of the Korean People's Army; Comrade Kye Ung-tae, member of the Political Bureau of the WPK Central Committee and secretary of the party Central Committee; and other cadres of party and government."

At 2210 GMT, the radio reports that "senior party and government officials, soldiers of the Korean People's Army [KPA], working people, students and school children laid wreaths before the statue of the great leader Comrade Kim Il-song standing on Mansudae Hill on the morning of 27 July" to mark the anniversary. O Chin-u, Yi Chong-ok, Pak Song-chol, Kim Yong-chu, Choe Kwang, and Kye Ung-tae are named as participants.

The radio then reports, at 2213 GMT, that senior party and government officials, and others laid wreaths on the morning of 27 July at the monument to victory in the fatherland liberation war and that O Chin-u, Yi Chong-ok, Pak Song-chol, Kim Yong-chu, Choe Kwang, and Kye Ung-tae attended the event.

More on Former KGB Official's View of Kim's

OW2507104694 Tokyo TOKYO SHIMBUN in Japanese 23 Jul 94 Morning Edition p 5

[Report on an interview with Lt. General Grigoriyev by Moscow correspondents Jun Mutsukuchi and V. Grynyuk; place and date not given]

[Text] The late President Kim Il-song of the DPRK (North Korea) visited Maritime Kray in Russia. During his visits, Lieutenant General Grigoriyev, former head of the Maritime Kray branch of the KGB (the Committee of State Security) stood guard over the president. As a reward, he was invited to Pyongyang by North Korea and contacted by an official of a North Korean secret agency. We asked him about Kim Il-song and his son, Secretary Kim Chong-il.

Grigoriyev was in charge of providing guard over Kim Il-song when the president visited Maritime Kray in 1982 and 1988. As a reward, in 1989 he was invited to Pyongyang, Wonsan, and to a resort with a beautiful lake called Hangen [name as published], where President Kim owned a villa.

Grigoriyev believes that the person who showed him around North Korea at that time was a security officer of a North Korean secret agency. In February 1992, this officer visited Vladivostok and met with Grigoriyev to exchange views on the North Korean situation and other issues.

According to the information Grigoriyev obtained from this officer, up until the end of 1989, there were no great differences between Kim Il-song and his son in their stands on domestic and international politics. However, they began to disagree after the collapse of East European socialism and the tearing down of the Berlin wall. Subsequently, President Kim intensified precautions against Chong-il, partially restricting his son's power.

According to the information, Kim Chong-il had a strong interest in economic restructuring pivoted by the construction sector and wanted close cooperation with the Soviet Union in this field, for which he was popular among technocrats. Meanwhile, President Kim insisted on a thorough chuche idea and preferred cooperation with China rather than the Soviet Union. He thus hated the course his son had taken.

Their differences regarding the North-South reunification issue were more significant. Kim Chong-il thought the revolutionary spirit of the South Korean students' movement would stimulate moves toward reunification and expected a "social explosion" [shakai- bakuhatsu] in the South. He asserted it was necessary to provide behind-the-scenes economic support to the students to help push their movement forward.

Conversely, Kim Il-song's goal was to achieve reunification through force during his lifetime, using North Korea's military superiority. To prepare for a possible military collision between the North and South, the president made remarks suggesting North Korea had constructed a large-scale, underground shelter. He said: "We have hidden something large in the mountains." Moreover, he asked the Soviet Union to "at least take a neutral position."

Concerning a "post Kim Il-song" regime, the North Korean security officer said: "Typical military communism, under which orders come only from the top, will collapse. The son will not be adored a year after this collapse, just like what happened in the Soviet Union after the death of Stalin." Grigoriyev took his remarks to mean that Kim Chong-il, a successor to his father as chief of state, would soon lose power, senior party officials serving as his aides would change their stand to seek a new regime, and they might plot a coup.

ROK's Security Board, Defectors Denounced

SK2807023394 Pyongyang KCNA in English 2147 GMT 27 Jul 94

["Despicable Act of Using Human Rubbish in North-South Confrontation"—KCNA headline]

[Text] Pyongyang, July 28 (KCNA)—The South Korean puppet Security Planning Board (SPB) called a "press conference" Wednesday, at which Kang Myong-to and another runaway from the DPRK were presented as "persons who made oaths of allegiance."

The puppet SPB made a fuss, widely advertising the "press conference" as if it had done something big. But it was a third- rate political drama.

As for Kang Myong-to, who played first fiddle at the "press conference," his identity is open to question.

Kang Myong-to is not a son-in-law of the premier of the DPRK Administration Council. He has nothing to do with the premier.

He is an ignoramus, a loafer without a regular occupation and a criminal who misappropriated a large amount of state fund. When his crime was exposed, he disappeared to be sought by our competent organ.

He is a morally degenerate human derelict. He divorced his wife and had affairs with some women, making himself a target of public criticism.

It is not surprising and strange that this criminal fled to corrupt South Korea, unable to live under the most advanced and sound socialist system of the DPRK. It is only too natural that rubbish goes to the dust bin.

It is ridiculous of the puppet SPB to pick up such human derelict and try to make the drama effective, presenting him as "a son-in-law of the premier" of the North.

We cannot but pay attention to the fact that the SPB abruptly put up Kang Myong-to as the hero of the drama after brainwashing him in secrecy for two months since his defection to South Korea in May.

The popular sentiments in South Korea are running toward the northern half of the country. And the grudges against the Kim Yong- sam regime are rankling deeply in the hearts of the people.

The puppet SPB, like a drowning man catching at a straw, used such human derelict as Kang Myong-to and put him on the stage before reporters, forging his identity, in an attempt to divert elsewhere public attention and iron out the unfavorable situation.

By politically using a criminal who escaped from the North in inciting North-South confrontation, they cast a shadow over the prospect of North-South dialogue and laid an obstacle in the way of national reunification without hesitation.

The puppet SPB manipulated the born criminal, who had misappropriated a large amount of state fund and indulged himself in debauchery, to recite what they wanted to say. They even made Kang Myong-to drivel that the DPRK already "has five A-bombs." They would have felt much more pleasure in their nuclear fever, if they had made him say the North has 50 or 500 a-bombs.

The SPB wirepulled Kang Myong-to to allege that the North "will begin a serial production of A-bombs." This fully revealed that he was telling a lie and he was ignorant.

In an effort to give credibility to his lie, Kang Myong-to said he had heard about the "existence of nuclear weapons" of the North from a chief patrolman. This means that the "press conference" was a complete failure.

Cho Myong-chol who was presented at the "press conference" together with Kang Myong-to by the puppet SPB is also the same human derelict.

Although the puppet SPB called the "press conference" by putting up such criminal as Kang Myong-to, it only revealed their poor lot once again.

Kim Yong-sam Group Criticized for 'Suppression'

SK2807062294 Pyongyang KCNA in English 0542 GMT 28 Jul 94

["Last-Ditch Efforts of Those Foresaken by Times"—KCNA headline]

[Text] Pyongyang, July 28 (KCNA)—The Kim Yong-sam group on Monday reportedly cried for a harsher crackdown on the followers of the chuche idea, contending that "the 'chuche idea group' is threatening the liberal democratic system".

This clearly shows that the wholesale suppression of the pro-reunification patriotic forces and confrontation racket against the North have reached a very dangerous stage in South Korea.

The anti-North offensive of the South Korean rulers is a deliberate and premeditated political smear campaign designed to drive the situation of the country to a new phase of confrontation.

It is entirely unjust act for the Kim Yong-sam group to suppress the "chuche idea group," branding it as "an illegal organisation inclined to benefiting the enemy".

As known to everyone, the chuche idea, for its great attraction and viability, has been widely disseminated worldwide and the number of its followers is increasing as the days go by. This is a tendency and current of the times that no force on earth can arrest.

The chuche idea is being widely disseminated and studied in South Korea, too, in this current of the times. So it offers no problem.

The attempt of the Kim Yong-sam group to brand the "chuche idea group" as a force threatening the "liberal democratic system" is a mean ruse to invent a pretext to crack down upon the South Korean people and students who are expressing condolences on the death of respected President Kim Il-song, the father of the nation. And it is also a crafty artifice to cover up the reactionary nature of their "liberal democratic system".

The "liberal democratic system" loudly advertised by the South Korean authorities is, in fact, an anti-popular system under which the people are not allowed to express condolences as regards a misfortune of the nation, an anti-reunification system which fosters antagonism and confrontation within the nation and a system of fascist suppression ruthlessly putting down the righteous struggle of the people for independence, democracy and reunification at the point of the bayonet.

To launch a wholesale arrest of the chuche idea group members , shouting for the "liberal democratic system" which is in the grip of a crisis, with its real nature debunked, is the desperate wriggle of those edged out of the current of the times.

The South Korean rulers should make an apology for their heinous crime to be cursed and condemned by the nation and history through generations and stop suppressing the "chuche idea group" and other pro-reunification patriotic forces.

'Atrocious Wind of Suppression'

SK2807122694 Pyongyang Korean Central Broadcasting Network in Korean 1225 GMT 27 Jul 94

[Commentary by Yun Pyong-son: "Those Who Are Worse Than Beasts Must Be Eliminated"]

[Text] An unprecedented atrocious wind of suppression has recently been blowing against the Korean Federation of University Student Councils [Hanchongnyon] and patriotic students in South Korea.

The Kim Yong-sam traitorous clique, which pointed a gun at the compatriots while they were in deep sorrow over losing the nation's father, and which brutally suppressed the students for expressing condolences, recently issued a series of suppression orders accusing Hanchongnyon of being a procommunist and enemy-benefiting group that acts according to the North's orders, and the students who believe in the chuche idea as being leftist and procommunist.

On 25 July, the puppet prime minister accused the students who believe in the chuche idea, the chusapa students, of posing a threat to the so-called liberal and democratic system, thereby issuing an order to the Ministry of Home Affairs and the Ministry of Justice to undertake strict hard measures to search them out. On the same day, the minister of justice announced measures for searching out leftist forces, then drove out prosecutors, the Agency for National Security Planning, and police to suppress these forces.

As a result, man-hunting check-up commotions [saramjabirul wihan kommun komsaek sodong] were frenziedly staged in various parts of South Korea; campuses were raided by police; Hanchongnyon leaders were hunted by police; and crowds of innocent patriotic students were arrested and imprisoned. An unprecedented security-oriented fascist ruling clique is in power in South Korea.

The Kim Yong-sam ring's fascist suppression is an atrocious challenge against the patriotic students who believe in the chuche idea, an intolerable crime against the patriotic democratic forces which long for democracy and reunification, and a fascist act of violence that can only be undertaken by savages wearing human masks.

Hanchongnyon is a legitimate group of one million students who aspire for independence, democracy, and reunification. It is an independent and democratic student movement that does not act according to someone's orders but according to its own judgment and decision. Students believing in the chuche idea is a trend of the times that cannot be blocked. The current times is an era of independence, and thus following the chuche idea is a world trend. What is wrong with South Korean students believing in the chuche idea, which is being studied and learned by billions of people throughout the world who have adopted it as the guidance for their life?

It was only natural and reasonable that the South Korean students would hold memorial services being part of the same people. The great leader Comrade Kim Il-song is the nation's great father who worked his entire life for the fatherland's reunification and who devoted everything to bringing to the nation the joy of reunification by establishing the nation's reconciliation and cohesion. Therefore, expressing condolences at his bier is natural and should be encouraged.

Nevertheless, the Kim Yong-sam ring is engaging in a suppression offensive by unreasonably linking the patriotic students who expressed condolences with the North. They are a group of savages worse than beasts, and have no manners or morality as were handed down by our ancestors. The brutal suppression of the chusapa students, using the memorial services as an excuse, is a barbarous strangling to completely suppress and obliterate the student movement's forces. This is why people of all walks of life in South Korea are strongly demanding the government stop suppressing the patriotic students.

It is antipeople and reactionary that the fascist clique babbles about rooting out the chusapa students, claiming its so-called liberal and democratic system is threatened by the students. As plainly exposed this time, the so-called South Korean liberal and democratic system is an out-of-date fascist system that does not care about but instead tramples upon ethics and morality. A system rejected by all South Koreans, a reactionary system which only pursues the interests of a few reactionary bureaucrats, has no justification to exist.

The Kim Yong-sam ring's brutal suppression is merely the last struggle of those who are swept up by the trends of the nation's reunification and the current times, and who can no longer survive. Brutal suppression using rifles and swords cannot block the dissemination of the chuche idea or stop the nation's vigorous march towards reunification. People of all walks of life in South Korea cannot resist being enraged when seeing how the Kim Yong-sam traitorous clique is handling the matter, and are denouncing it as a group of villains who are worse than beasts and in whose bodies beastly blood circulates.

This is a just denunciation. As long as those without basic morality and etiquette remain in power, the nation's reunification and the independence and democratization of South Korean society cannot be expected, and the people will not be able to spend a single day in comfort. Those who are worse than beasts must be eliminated [chego] from the nation and strictly judged by the people.

ROK Attempts To 'Wipe Out' Chuche Followers

SK2807103894 Pyongyang KCNA in English 1027 GMT 28 Jul 94

["Anti-Communist Hysterics of Traitor"—KCNA headline]

[Text] Pyongyang, July 28 (KCNA)—South Korean "prime minister" Yi Yong-tok at a "meeting of the state council" July 25 instructed the "home ministry," the "justice ministry" and other ministries and agencies concerned to take "tough measures" to "wipe out" patriotic forces including the students adhering to the chuche idea. After that South Korea has been plunged into a horrible atmosphere of truculent "new security-oriented politics" without precedent in the literal sense of the word.

NODONG SINMUN today brands the South Korean authorities' sword- brandishing to "wipe out" the followers of the chuche idea and the forces of the movement for independence, democracy and reunification as the last ditch effort of those approaching their doom, alienated from the nation's desire and elbowed out of the trend of the times.

The news analyst says:

The racket of fascist suppression under the "new security- oriented rule" in South Korea has got more furious since Kim Yong- sam issued an order that no one should be allowed to send a mourning group or express condolences on the death of the respected leader President Kim Il-song, the leader and father of the nation, and that those who do so should be "sternly dealt with for the establishment of state discipline."

The South Korean authorities allege that the memorial services in South Korea were guided by followers of the chuche idea. They brand the South Korean Federation of General Student Councils and other progressive and patriotic youth and student organisations and students affiliated with them as "enemy-benefiting organisations" and "forces seeking to overthrow the system" and harshly suppress them on charges of "threatening the liberal democratic system." This is an absurd sophism.

The "liberal democratic system" of South Korea is an anti- independence colonial dependent system and an anti-democracy fascist repressive system and an anti-reunification divisive system.

This reactionary system must be rejected.

As for the chuche idea, it is the great guiding idea of our times. Its followers are, therefore, found in all countries of the world including the United States and Japan. If the followers of the chuche idea are to be "wiped out" only in South Korea, how can it be a "liberal democratic system"? The South Korean system is a closed system blocking the trend of the times and a reactionary system going against it.

The South Korean ruling group, forsaken by the times and driven out of the road of national reconciliation and reunification, schemes to bridge over the situation and achieve "government security" with a new political provocation and repressive offensive against the patriotic forces of the national democratic movement of South Korea, linking them with the North.

Sword-brandishing cannot be a means of prolonging their days.

It will, on the contrary, precipitate their own destruction.

Developments in ROK Hyundai Labor Strike

SK2507052994 Pyongyang KCNA in English 0454 GMT 25 Jul 94

[Text] Pyongyang, July 25 (KCNA)—Trade unionists of the Hyundai Heavy Industries Co., Ltd. of South Korea continued a large-scale sit-in strike, pitching tents in different places of the company, in protest against the closure of workshops by the management, according to a radio report from Seoul.

The trade union side is staging the demonstration and strike after occupying almost all large gas tankers and large cranes of the company.

Joining in the struggle of the unionists of the Hyundai Heavy Industries Co., Ltd., the unionists of the Hyundai Precision Ind. Co., Ltd. entered a total strike from July 22.

Hyonchongnyon declared it would support the struggle at the Hyundai Heavy Industries Co., Ltd. together with trade unions of other companies.

Kim Il-song Placard Hung at ROK University

SK2507053894 Pyongyang KCNA in English 0459 GMT 25 Jul 94

[Text] Pyongyang, July 25 (KCNA)—A placard mourning the death of the great leader President Kim Il-song was hung on a wall of the gymnasium of Pusan National University on July 20 following the previous day, touching the heartstrings of students, a South Korean newspaper reported.

The placard one metre wide and seven metres long was hung out by the General Student Council of Pusan National University. Written on it were "Condolences on death of President Kim Il-song. North-South summit talks must take place."

Former PRC Provincial Governor Departs

SK2507063694 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 21 Jul 94

[Text] Chen Lei, former governor of Heilongjiang Province, China, who is related to the anti-Japanese revolutionary struggle, and his wife, who had come to our country to mourn the death of the great leader Comrade Kim Il-song, left Pyongyang by train on 21 July.

Kang Sok-sung, director of the Party History Institute of the Central Committee of the Workers' Party of Korea, saw them off at Pyongyang Station.

Overseas Koreans Depart Pyongyang 23 July

SK2507032894 Pyongyang Korean Central Broadcasting Network in Korean 0100 GMT 24 Jul 94

[Text] Those who had come to the fatherland to pay tribute to the great leader Comrade Kim Il-song left Pyongyang by plane on 23 July. They included Choe Pyong-cho, vice chairman of the Central Standing Committee of the General Association of Korean Residents in Japan [Chongnyon]; Kang Il, chairman of the International Korean Unity Association; a mourning delegation from the overseas headquarters of the National Alliance for the Country's Reunification [Pomminnyon] with Yim Min-sik, secretary general of Pomminnyon and director of the secretariat of the overseas headquarters of Pomminnyon, as its head, and Yang Tong-min, vice-chairman of the overseas headquarters of Pomminnyon and chairman of the Japanese regional headquarters of Pomminnyon, as its member; Sonu Hak-won, adviser to the U.S. headquarters of Pomminnyon; and Prof. and Dr. Song Tu-yol of Munster University in Germany.

Prior to this, a Chongnyon mourning delegation flew out of Pyongyang.

Comrade Kim Yong-sun and concerned functionaries saw them off.

More on People Mourning Kim Il-song's Death

SK2507115094 Pyongyang KCNA in English 1124 GMT 25 Jul 94

[Text] Pyongyang, July 25 (KCNA)—The death of the great leader President Kim Il-song left wounds of bitterest pain and loss never to be healed on the hearts of the Korean nation of 70 million and revolutionary people of the world.

The world clearly saw again during the 10 odd days of national mourning over the death of President Kim

Il-song the looks of Korea where the leader and the people are united in an integral whole.

The sad news that President Kim Il-song had passed away plunged whole country into grief in a moment.

The first mourners crying in tears made their appearance before the bronze statue of President Kim Il-song on Mansu hill in the heart of Pyongyang 30 minutes after the misfortune was reported. The number of the mourners reached 300,000 at dawn next day.

It rained cats and dogs in Pyongyang on the night of July 9, but people flowing in endless streams to Mansu hill, the old home of President Kim Il-song in Mangyongdae, the Changdok school and Yongnam hill, gulping down tears, swelled as the night advanced.

These scenes of mourning could be seen in all parts of the country where the bronze statues of the fatherly leader, monuments to and markers of his on-the-spot guidance are standing.

People of all strata and soldiers, more than 212 million in all, visited the bronze statues of President Kim Il-song, his portraits, the paintings about him, monuments to and markers of his on-the-spot guidance to mourn the death of President Kim Il-song till 8 on the morning of July 20 after the beginning of the period of national mourning.

Above 156,000 wreaths were laid in the mourning places throughout the country, turning them into fields and hills of flowers.

White ribbons could be seen on the heads of the women from grandmothers to the little girls and all the people from the government officials to the workers, farmers and school children wore black arm-bands, dressed in white or black as a token of mourning.

At all the households clean fresh food was placed beneath the portrait of the fatherly leader three times a day in this period according to the customs of the Korean nation, before which the families paid silent tributes in tears.

From the 11th of July endless streams of workers, farmers, intellectuals, soldiers, officials of the organs of all levels and Koreans from abroad flowed to the Kumsusan Assembly Hall where the bier of President Kim Il-song was laid in state to mourn the president.

Their number increased as the days went by.

The State Funeral Committee had to take a step of postponing the schedule of mourning services three days to meet the earnest desire and demand of the people.

On July 19 millions of citizens and officers and men of the Korean People's Army bid their last farewell to the great leader, lined up along the 40 odd kilometre-long route, wiping off big tears.

The irrepressible yearning for the fatherly leader and the bitter grief at the loss of him filled the hearts of the people going to Mansu hill and other places even after the national memorial service for President Kim Il-song took place the morning of July 20.

According to data available, millions of people of all walks of life across the country went again to the bronze statues of the fatherly leader to honor the memory of the leader with deepest reverence day and night and the early morning from the afternoon of July 20 to 21.

In the period of national mourning, though they were in bitterest grief, the people and the People's Army soldiers vowed to carry the revolutionary cause of chuche to completion under the leadership of Comrade Kim Chong-il, our supreme commander, upholding the behests of President Kim Il-song.

In the period many units and working people, People's Army soldiers, youth and students throughout the country presented letters to the dear leader Comrade Kim Chong-il carrying their unshakable faith and pledge to hold him in high esteem with their loyalty and filial piety, adding to it what they could not fully show to President Kim Il-song.

More than 1,670,000 young people across the country volunteered to join or rejoin the People's Army with the unshakable resolution after July 9 to defend Comrade Kim Chong-il with arms.

A great upswing was effected in production in various domains of the national economy in the period of national mourning.

All the units of the three services of the Korean People's Army held meetings at which they made firm pledge to hold in high esteem dear Comrade Kim Chong-il, an ever-victorious iron-willed brilliant commander and the great leader of the socialist cause, as the supreme leader of the party, the state and the revolutionary Armed Forces, safeguard him with arms and bring earlier the day of national reunification.

Our great leader brought up the people of this kind and the leader is always in the hearts of our people.

No wonder the people set up the slogan "The great leader Comrade Kim Il-song is always with us" in the streets and villages of the country.

Our people who rose up like a mountain, turning the bitterest grief ever known in history into great strength, will achieve the reunification of the country that President Kim Il-song desired so earnestly in his lifetime and successfully accomplish the revolutionary cause of chuche under the tested guidance of the party Central Committee headed by the dear leader Comrade Kim Chong-il.

People Write Poems 'Reflecting Their Grief'

SK2507102794 Pyongyang KCNA in English 1005 GMT 25 Jul 94

[Text] Pyongyang, July 25 (KCNA)—People of all walks of life in Korea continue writing poems reflecting their grief at the loss of the father of the large family of the nation.

More than 1,000 poems have been written over the last few days.

Ordinary workers, farmers and soldiers, unable to repress their deep grief at the loss of the great father of the nation, took pens in their hands and wrote poems.

The poem "Do You See, Leader?" written by Choe Hyong-chol, an officer of the Ministry of Public Security, reflects the earnest desire of the people to make all their hearts the elixir of life and give eternal youth to the leader if he opened his eyes only a moment, hearing the wail of the people who are wriggling in agony, tears trickling down their cheeks, at the sad news like a bolt from the blue.

The poems "We Will Hold You in High Esteem Through Generations", "To The Leader" and "Eternally" represent the unanimous desire of our people who enjoyed happiness under the deep loving care of the great leader to convey this love and benevolence down through generations and hold him in high esteem through ages, cherishing his tender image deep in their hearts.

Kim In-chan, researcher of the Academy of Light Industrial Science, An Song-tam, a farmer of the Unyang cooperative farm in Kusong city, Kim Kwang-chol of the Komdok mining complex and many other working people wrote poems with their burning hearts.

In the poems they unanimously took oaths to glorify the country of the leader to the whole world and carry the revolutionary cause of chuche to accomplishment by turning today's sorrow into strength and courage of a thousand fold, acclaiming the dear leader Comrade Kim Chong-il at the head of the party, the state and the revolutionary Armed Forces and upholding his leadership with loyalty.

Kim Yong-pok, chief of a department of Pyongyang University of Railways, said after writing a 70-page lengthy poem "Echoes of the Will of the 70 Million Korean People":

"I don't know poetry well and I had never written a poem, being an ordinary educationer majoring in engineering. I took the pen to alleviate the unbearable pain with these verses as a soldier upholding the fatherly leader, a Korean who is embraced in the bosom of the illustrious leader. If I can dispel today's sorrow with verses, I will become a poet and write poems enough to cover the whole earth."

Production Increased in Memory of Kim Il-song

SK2807101994 Pyongyang KCNA in English 1005 GMT 28 Jul 94

[Text] Pyongyang, July 28 (KCNA)—The death of the great leader President Kim Il-song has left an inconsolable grief in the hearts of the entire Korean people, who are now spending most painful days ever in the history of the nation spanning 5,000 years.

This sorrow will never be erased from their hearts.

However, the grief is not all that dominates their hearts.

When they suffered a big loss, they are united more closely around their leader and overcome all the difficulties with the strength of singlehearted unity. This is a peculiar character of the Korean people.

"Let us hold dear Comrade Kim Chong-il in high esteem and accomplish the revolutionary cause of chuche at any cost, true to what President Kim Il-song intended in his lifetime.

"Let us defend Comrade Kim Chong-il with our lives with labour, knowledge and arms and remain faithful to his idea and leadership."

This is the unshakable faith of the Korean people united on the basis of the same purpose and sense of duty.

Korea has risen up like a giant.

In ten days after the sad news of the death of the president was flashed on July 9, 1,670,000 young people volunteered to join or rejoin the Korean People's Army, resolved to defend Comrade Kim Chong-il at the cost of their lives with arms.

Nearly 30,000 working people and graduates from senior middle schools vowed to work on the cooperative farms which bear the marks of on-the-spot guidance of President Kim Il-song.

An unprecedented upsurge has been effected in production and construction.

The nation's power producers have boosted the daily output 20 percent above that in early July .

Entering this month, the daily output of rolled steel is 15 percent up, pig iron five percent up and steel one percent up on the same period of last month.

The Anju and Sunchon area coal complexes and other major coal fields of the nation are topping their daily assignments 20-30 percent.

The daily output of chemical fertilizers shows a 20 percent gain above the same period of last month.

The agricultural working people are well tending crops on cooperative fields which were visited by the president in his lifetime to make the people live on rice and meat soup.

The intellectuals are devotedly working to carry out the behests of President Kim Il-song with knowledge.

All the people are accelerating socialist construction, working hard at their posts.

President Kim Il-song reared such a people.

The world will see again the strength and will of Korea united in one mind around Comrade Kim Chong-il.

International Mourning Activities Summarized

SK2807063994 Pyongyang KCNA in English 0515 GMT 28 Jul 94

[Text] Pyongyang, July 28 (KCNA)—People in the five continents of the world honored the memory of the great leader President Kim Il-song with deepest reverence.

During ten odd mourning days, memorial services were held in more than 160 countries, over 3,480 messages of condolences came from heads of state and government, party leaders and prominent figures of 166 countries including China, Cuba, Vietnam and Cambodia and some 60 heads of state and government and about 170 political party leaders made condolence calls at DPRK missions.

And over 3,300 wreaths were laid before the bier of President Kim Il-song and beneath his portraits and more than 700 news media of over 120 countries carried special write-ups on his death.

In the messages of condolence, the world people said that the death of President Kim Il-song is the biggest loss that cannot be indemnified by anything in the development of the international communist movement and the working-class movement and the accomplishment of the cause of global independence.

Written in the ribbons hanging on the wreaths laid by heads of state and people of all strata of different countries at the Kumsusan Assembly Hall and on Mansu Hill in Pyongyang and at DPRK missions with bitterest grief over the death of President Kim Il-song were the letters reading "In memory of the great leader Comrade Kim Il-song," "The great leader Comrade Kim Il-song will be everlasting" and so on.

Mourning periods and mourning days were set in 20 countries including Cuba, Pakistan, Syria and Angola and by international organisations and a presidential decree on setting a mourning period was published in Nicaragua.

The Equatorial Guinean president called a government emergency meeting and set a mourning period from July 10 to 17, the Thai prime minister made sure that flags were hung at half-mast at state organs and enterprises for three days and flags were hung at half-mast at the Tiananmen Square, the great hall of the people, the Xinhuamen of Zhongnanhai, the Ministry of Foreign Affairs in China.

In the mourning period, Laos, India and Bangladesh decided to hang flags at half-mast across their countries and their missions abroad and ban official amusement functions and the flag was hung at half-mast at the headquarters building of the United Nations.

The Syrian president, Indian prime minister and heads of state and government, political party leaders and high-ranking officials of many countries visited Korean missions and expressed deepest condolences on the death of President Kim Il-song.

Fidel Castro, first secretary of the Central Committee of the Communist Party of Cuba and president of the Council of State of the Republic of Cuba, in a mourner's book said: "We have lost esteemed Comrade Kim Il-song at the time when he was mostly needed by Korea and socialism. [sentence as received]

"The international revolutionary movement has lost a great fortress."

King Norodom Sihanouk of Cambodia was overcome with grief, saying that with the death of President Kim Il-song he has lost his elder brother, a great friend.

Jiang Zemin, general secretary of the Central Committee of the Communist Party of China and president of the People's Republic of China, was the first to make a condolence call at the Korean Embassy and Li Peng, premier of the State Council of China, visited the embassy right after he came back from his foreign tour.

Participating in expressing condolences were delegates of 850 party and state organs, public organisations, bodies and enterprises, families of persons related to the anti-Japanese revolutionary struggle, participants in the Korean war and people of all walks of life in China.

Korean missions were visited by more than 150 delegations and organisations each in Zimbabwe and Vietnam, over 80 each in Syria and Cambodia, over 5,000 people of all segments in Nepal and thousands of delegations, organisations and public figures of different countries and about 2,000 foreign diplomatic envoys.

In this period more than 400 kinds of publications of 80 countries carried special write-ups in 470 million copies under the titles "The world and His Excellency Kim Il-song", "The author of the chuche idea", "The great man of century", "The great leader" and "He believes in the people as in heaven", and hundreds of news agencies and radios of 120 countries reported about the death of President Kim Il-song and introduced his feats on nearly 2,200 occasions.

In special write-ups foreign mass media stressed that President Kim Il-song who founded the great chuche idea, the essence of human love, will as ever lead more than 5 billion people of the world along a road of victory and glory.

The world people said in unison that under the tested guidance of the dear leader Comrade Kim Chong-il, the intention of President Kim Il-song in his lifetime will be certainly realized and the world will advance.

Memorial Services Held Overseas

SK2507052794 Pyongyang KCNA in English 0452 GMT 25 Jul 94

[Text] Pyongyang, July 25 (KCNA)—Memorial services were held in New Delhi, Managua, Karachi, Dhaka, Mozambique and the Congo and by the Central Committee of the Czechy-Morava Communist Party, the National Executive Committee of the Polish League of Communists "Proletariat", the Congolese Communist Party, the Tunisia-Korea Friendship Association and the Mongolia-Korea Friendship Association from July 14 to 20 on the death of the great leader President Kim Il-song.

The participants observed a moment's silence to honour the memory of President Kim Il-song.

President of the Asian Regional Institute of the Chuche Idea T.B. Mukherjee [spelling of name as received] who is a winner of the "International Kim Il-song Prize" said in his memorial address:

"The death of his excellency respected President Kim Il-song who founded the immortal chuche idea and devoted his whole life to the popular masses' cause of independence is a big loss for mankind.

"He was a distinguished thinker and theoretician, a genius of leadership and the great people's leader who loved the people infinitely.

"Respected President Kim Il-song, the genius of creation and construction, turned Korea into a strong socialist power independent, self-supporting and self-reliant in national defence, made the Korean people a most dignified and proud people and set a centuries-old model of socialism, breaking through an untrodden road.

"He made energetic efforts for peace, friendship and solidarity of the world in the idea of independence, peace and friendship and thus made undying contributions to the cause of human emancipation.

"Though the great leader Comrade Kim Il-song passed away, his sublime august name and great image will remain forever in the hearts of our followers of the chuche idea and his feats will be conveyed long with history."

Man Jurul Asan Khan [spelling of name as received], coordinator of the left-wing Democratic Front of Bangladesh, in his memorial address said that Comrade Kim Il-song continued to uphold the red flag of socialism and thus encouraged the world progressive forces. "We hope that the Korean people will make a success in their struggle for national reunification and the strengthening and development of socialism and continue to uphold the international banner of socialism under the leadership of Comrade Kim Chong-il," he noted.

Foreign Newspapers Laud Kim Chong-il 'Greatness'

SK2807152094 Pyongyang KCNA in English 1505 GMT 28 Jul 94

[Text] Pyongyang, July 28 (KCNA)—Foreign publications carried articles lauding the greatness of the dear leader Comrade Kim Chong-il.

The Belgian paper SOLIDAIRE carried an article headlined "Comrade Kim Chong-il Has Led Korea From Tens of Years Ago".

The paper printed pictures of the dear leader Comrade Kim Chong- il giving on-the-spot guidance to different domains of the national economy.

Noting that the question of the inheritance of the revolutionary cause of the leader is a very important matter, it continued:

"Comrade Kim Chong-il, the leader of the Workers' Party of Korea [WPK], is leading the work of different sectors of Korea.

"Comrade Kim Chong-il was elected the successor to the cause of Comrade Kim Il-song because he has perfect personality and quality of a leader.

"He was elected member of the Presidium of the Political Bureau of the Central Committee of the Workers' Party of Korea in 1980 and supreme commander of the Korean People's Army in 1991.

"He has become the leader for his feats, extraordinary quality as a statesman and skillful organisational ability over economic work [as received].

"Comrade Kim Chong-il will successfully carry out the tasks assigned by history."

The Senegalese paper LE TEMOIN said in an article captioned "Comrade Kim Chong-il Is Outstanding Leader of the WPK":

"The history and feats of the struggle of the Workers' Party of Korea, its militant might and prospect are linked with the august name of the dear leader Comrade Kim Chong-il.

"He is the leader who is guiding the WPK along an ever-victorious road with his extraordinary ideological and theoretical intelligence, outstanding leadership ability and noble virtues.

"His idea and theory is a great idea and theory which developed in depth the chuche idea of President Kim Il-song onto a new higher stage in conformity with the requirements of the present era and the developing revolution, and his outstanding leadership personality is the source of all the miracles of modern Korea.

"The feats performed by him in the course of leading the cause of the chuche-type revolutionary party building are proud, indeed."

The Ghanaian paper weekly SPECTATOR, the Malian paper TE MALIEN [spelling of paper as received] and the Pakistani paper WAFAQ [spelling of paper as received] carried articles praising the greatness of Comrade Kim Chong-il under the titles "His Excellency Kim Chong-il Is the Great Brilliant Commander With Personality and Quality of Gifted Military Strategist", "Genius of Military Affairs" and etc.

More Foreign Condolence Messages, Embassy Visits

SK2407091194 Pyongyang KCNA in English 0831 GMT 24 Jul 94

[All names are as received]

[Text] Pyongyang, July 24 (KCNA)—Political and public figures of different countries called at the Korean missions to mourn the death of the great leader President Kim Il-song.

Among those mourners were leader of the People's Democratic Movement of Guyana Llewelyn John; leader of the Amerindian Action Movement of Guyana Pete Persaud; Chairman of the Labour Union of Guyana Samuel Worker; General Secretary of the Communist Party of the Peoples of Spain Juan Ramos; Coordinator of the Federal Committee of the Spanish Communist Party Francisco Prutos; former chairman of the C.C. [Central Committee], the Spanish Workers' Party Santiago Carrillo; chairman of the Leadership Committee of the Workers' Party of Switzerland Anjuska Weil; some 20 senior officials above ministerial level of Equatorial Guinea including chairman of the People's Chamber of Representatives Felipe Ondo Obiang; delegations of Zaire led by the minister of Youth, Sports and leisure and by Ngoy Couduba, first speaker of the Transitional Parliament and General Secretary of the Lumumba Democratic Party; Minister of Communications and Culture of Burkina Faso Klod Somda; First Vice-minister of Industries of Egypt Ashuraf Hamdi; Jean Francois Obembe, second vice-chairman of the Congolese National Assembly and chairman of the Congolese Committee for supporting the proposal for founding the Democratic Confederal Republic of Koryo; aide to the Peruvian President Manuel Vara Ochoa; Elias Mendoza, former president of the House of Deputies and member of the National Direction of the Popular Action Party of Peru; Oleg Natahin, vice- chairman of the Council of Ministers and minister of Economy and Finance, and Vladimir Ivanov, assistant to the president of Moldavia; former Foreign Minister of France Claude Cheysson; member of the Senate of France Michel Alloncle; former Chief of the General Staff of the French Armed Forces Jeannou Lacaze; Director of the Lawyers' Office of Sweden Claes Palme, who is elder brother of former Prime Minister Olof Palme; Politburo member of the C.C., the Communist Party of Cuba Concepcion Campa and Vice-minister of Foreign Affairs of Cuba Nicolas Rodriguez; Chairman of the Education, Culture and Science Committee of the State Duma of Russia Rozukova; Christopher, chairman of the Kampala City Resistance Council and Administrator of Kampala City of Uganda; Foreign Ministry officials of Nigeria and Tunisia and public figures of Pakistan, Tanzania, Egypt and other countries.

Ambassadors of different countries to the United Nations and officials of international organizations and the United States paid condolence calls at the DPRK mission.

They laid wreaths and bouquets before the portraits of President Kim Il-song and observed a minute's silent tribute to the memory of the president with deep condolences.

The mourners made entries in the mourner's books, saying the death of President Kim Il-song is the biggest loss for mankind.

Chongnyon Traders, Industrialists

SK2507053594 Pyongyang KCNA in English 0502 GMT 25 Jul 94

[Text] Pyongyang, July 25 (KCNA)—Messages of condolence came from Kwon To-kun, director of the Taehon Trade Company, Ltd., Yi Hyon-song, director of the Iwaki Corporation, Kim Chong-mu, director of the Japan Shinsei Trade Company, Ltd., Chong Tae-ho of the Taeryong Trade Company, Ltd., and other traders and industrialists and the Scrum Corporation under the General Association of Korean Residents in Japan (Chongnyon) on the death of the great leader Generalissimo Kim Il-song.

Noting that President Kim Il-song had conducted energetic activities for the prosperity of the homeland, the happiness of the people, national reunification and the independence of the world, the messages said that his exploits would be everlasting.

A message of condolence came to the Central Committee of the Workers' Party of Korea from Yun Ok-chae, who is related to the anti-Japanese revolutionary struggle.

Kenya, Djibouti, Burundi, More

SK2507102994 Pyongyang KCNA in English 1011 GMT 25 Jul 94

[Text] Pyongyang, July 25 (KCNA)—The dear leader Comrade Kim Chong-il received messages of condolence from foreign party and state leaders on the death of Comrade Kim Il-song, general secretary of the Central Committee of the Workers' Party of Korea and president of the Democratic People's Republic of Korea.

The messages were sent by Daniel T. Arap Moi, president of the Republic of Kenya; Barkat Gourad Hamadou, acting president and prime minister of the Republic of Djibouti; Jean Pierre Ngambi, secretary general of the Communist Party of Cameroon; Shadrak Niyonkuru, chairman of the People's Party of Burundi; Jesus Okenbe Codu, general secretary of the Party of Social Democratic Coalition of Equatorial Guinea; Nir Malsen, general secretary of the Central Committee of the Workers and Peasants' Socialist Party of Bangladesh; Dilip Barua, general secretary of the Central Committee of the Communist Party of Bangladesh (Marxist-Leninist); National Chairman Kwabena Wiafe and General Secretary Kwesi Pratt of the Popular Party for Democracy and Development of Ghana; Toe De Stanislas, general secretary of the Democratic Youth Revolutionary Party of Burkina Faso; Ivan Rodriguez, chairman of the Central Committee of the Dominican Workers' Party; and Qassim Salam, general secretary of the Yemeni Regional Direction of the Arab Socialist Baath Party.

The messages of condolence expressed deep condolences on the death of President Kim Il-song.

They expressed the belief that the Korean people would brilliantly carry forward the cause of President Kim Il-song, guided by the chuche idea under the leadership of Comrade Kim Chong-il.

And Comrade Kim Chong-il received a message of condolence from the Central Committee of the Palestine National Liberation Movement (Fatah-Intifada).

Organization To Study Chuche Formed in Moscow

SK2507110894 Pyongyang KCNA in English 1013 GMT 25 Jul 94

[Text] Pyongyang, July 25 (KCNA)—The "union of scholars for study of human problem in present world" which will study and disseminate the immortal chuche idea of the great leader President Kim Il-song in Russia and European countries was inaugurated in Moscow on July 18.

Present at the inaugural ceremony were professors of the Moscow University Alexandr Kovalyov, Valery Kovalenko and Vitali Pasenko, professor of the Russian Academy of Sciences Abdusalam Guseinov, professor of the National Management Academy Gennadi Ratfulin and other progressive scholars.

Leading body was elected and action program was discussed at the ceremony.

A letter to the dear leader Comrade Kim Chong-il was adopted there.

The union embraces progressive scholars of Russia and countries of the Commonwealth of Independent States.

Hungarian Officials Congratulated on Election

SK2407092394 Pyongyang KCNA in English 0839 GMT 24 Jul 94

[Text] Pyongyang, July 24 (KCNA)—Premier of the Administration Council Kang Song-san sent a message of greetings to Gyula Horn on his election as prime minister of the Hungarian Republic.

The message expressed the hope that the relations between the two countries would develop in the interest of the two peoples.

Foreign Minister Kim Yong-nam sent a message of greetings to Laszlo Kovacs on his election as foreign minister of the Hungarian Republic.

Agricultural Officials Interviewed on Farming

SK2807005494 Pyongyang Korean Central Broadcasting Network in Korean 2200 GMT 23 Jul 94

[Text] Let us effect a new upsurge in socialist economic construction under the party's leadership! The cultivated fields of our cooperative farms are precisely my own fields, and let us do all farm work diligently and substantially with the attitude of being the master!

While surmounting their great sorrow of having lost the great leader Comrade Kim Il-song, who was so interested in the country's agricultural development, all functionaries and agricultural working people in the agricultural sector throughout the country are properly managing agricultural crops in order to achieve a bumper harvest this year without fail by upholding Comrade Kim Chong-il, the great leader [widaehan yongdoja] of our party and the revolution and the supreme commander of the Korean People's Army.

Kim Chung-pae, deputy director of a bureau of the Agricultural Committee; and Pak Chun-ok, guiding personnel [chidowon] of the committee, who met reporter Hong Song-chol from the Central Broadcasting station said:

[Begin recording] [Kim Chung-pae] While surmounting the great sorrow of having lost the great leader, who has provided a civilized and cultural socialist rural community, a better place in which to live on this land, by traversing farm roads and field roads during his lifetime, our functionaries in the agricultural sector and agricultural working people have risen in the struggle to achieve a bumper harvest this year as intended by the leader.

Indeed, how can we forget even for a moment the fatherly leader who taught farm methods at the foot of fields while visiting various farm villages to give on-the-spot guidance, who sometimes slept on rice straw, got wet with dew in the yards of the houses of cooperative farm members who fell asleep at dawn, and who, thus, mingled always with our innocent farmers?

So, recalling the benevolent image of the fatherly leader, our agricultural working people are firmly resolved with loyalty to implement the leader's lofty intent and are managing agricultural crops more properly than ever before.

These days all cooperative farms throughout the country are accelerating weeding on rice paddies and corn fields at a final stage. They are also properly carrying out the work of cleaning out waterways and stretching ropes around farm fields in an effort to prevent in advance the damage caused by heavy rain and winds.

They are also carrying out the work of applying fertilizer, weeding, and pollinating corn fields scientifically and technologically. Along with this, they are vigorously accelerating grass-cutting operations to make compost as scheduled.

Recently, agricultural working people have been properly carrying out the management of agricultural crops with the attitude of being the master and in an assiduous manner. As a result, all farming activities, including weeding, have been conducted speedier than the previous year.

[Pak Chun-ok] That is right. All agricultural working people throughout the country are now burning with the firm determination to achieve a bumper harvest on this land as intended by the great leader and to uphold the supreme commander Comrade Kim Chong-il with a bumper harvest this year.

In particular, agricultural working people in South Hwanghae Province, North Hwanghae Province, and Nampo city have completed weeding and plowing on corn fields ahead of schedule. They are continuously accelerating weeding and, as a result, they have increased weeding by 30 percent over the previous year.

Agricultural working people in South and North Pyongan Provinces and Pyongyang city are establishing thorough advance measures against damages caused by heavy rain and winds. Thus, they are accelerating farm processes at a final stage in accordance with the demands of the chuche farm method.

All functionaries and working people of our agricultural sector will effect a great upsurge in agricultural production by upholding with loyalty Comrade Kim Chong-il, the supreme commander of the Korean People's Army and the great leader [widaehan yongdoja] of our party and the revolution. By so doing, we will bring the great leader's [widaehan suryong] will into full bloom and glorify with rice the socialism of our own style led by the supreme commander Comrade Kim Chong-il. [end recording]

South Korea

Minister Han Returns From ASEAN Conference

SK2807073494 Seoul YONHAP in English 0722 GMT 28 Jul 94

[Text] Seoul, July 28 (YONHAP)—Foreign Minister Han Sung-chu returned home Thursday [28 July] from Bangkok, where he attended the Association of Southeast Asian Nations (ASEAN) Conference this week.

During the ASEAN meeting, he proposed the creation of a "Northeast Asia Security Dialogue (NEASD)," the first such forum designed to address key security issues in the region.

Han met with other foreign ministers at the conference, including his counterparts from China and Russia, to discuss the latest developments on the Korean peninsula such as the death of North Korean leader Kim Il-song and what to expect in defusing Pyongyang's nuclear crisis.

Foreign Minister Awaits DPRK Answer on Talks

SK2807010594 Seoul YONHAP in English 0027 GMT 28 Jul 94

[Text] Bangkok, July 27 (YONHAP)—South Korean Foreign Minister Han Sung-chu said Wednesday "the principle and spirit of the accord on the inter-Korean summit remain valid, and the South Korean Government is waiting for a North Korean response" on its rescheduling.

The two Koreas agreed to hold a summit in Pyongyang for three days starting July 25. The summit was suspended indefinitely, however, due to the sudden death of North Korean President Kim Il- song on July 8.

Foreign Minister Han made the remarks at a news conference here winding up the Association of Southeast Asian Nations (ASEAN) post- ministerial conference, in reply to a question on whether the summit would be rescheduled. "If North Korea responds, we will study the matter," he added.

Referring to the North Korean nuclear issue, Han expressed hope that it would be resolved "with the current phase of dialogue maintained."

Meanwhile, U.S. Deputy Secretary of State Strobe Talbott said his country is pursuing a basic three-point policy when asked about Washington's stance toward Pyongyang's nuclear program. The policy calls for achieving denuclearization on the Korean peninsula, North Korea's remaining in the nuclear Nonproliferation Treaty (NPT), and complete observance of the nuclear safeguards agreement.

He declined to discuss the prospects for the third round of Washington-Pyongyang talks resuming in Geneva Aug. 5 on the ground the contact is imminent. [sentence as received]

U.S. To Turn Over Nuclear Test Base to Seoul

SK2807071594 Seoul CHUNGANG ILBO in Korean 28 Jul 94 p 1

[Article by Kim Chang-hyop: "U.S. Plans To Turn Over Underground Nuclear Test Detection Base to ROK in Early September"]

[Text] It is likely that the underground nuclear test detection base, (KSRS) [acronym as published], which is under the control of the U.S. Forces, will be turned over to our country as soon as early September. According to the Ministry of Science and Technology and other relevant government offices on 28 July, our country maintained close contact with the U.S. side in order to take over KSRS, and is planning to accept this detection base in the near future. KSRS, located in a certain city in the east-central district, is the only nuclear test detection base in South Korea. Since its installation in the mid-sixties, this base engaged in the detection and surveillance of underground nuclear test in China, the former Soviet Union, and the like.

Government sources revealed that the U.S. side will keep only the minimum number of its personnel in the ROK side after it turns over KSRS to our country. However, the U.S. side plans to withdraw this personnel and to completely turn it over to the ROK side around 1996. According to this plan, our side will be able to independently detect a nuclear test by using this base and to carry out close observations of earthquakes, which have been frequently taking place recently on the Korean peninsula.

KSRS intensively deployed more than 40 short and long-range exact earthquake detection instruments. Thus, KSRS is known to have an ultra high-fidelity earthquake surveillance and detection system capable of detecting a weak earthquake of more or less 2.5 degrees taking place even 30,000 kilometers away.

Defense Ministry: No Information on Warheads

SK2807025894 Seoul YONHAP in English 0242 GMT 28 Jul 94

[Text] Seoul, July 28 (YONHAP)—The South Korean Defense Ministry has no information to support a North Korean defector's claim that Pyongyang possesses five nuclear warheads, a ministry official said Thursday.

The ministry official said "there is not a single piece of information to back up the claim at the moment," referring to the allegation at a press conference Wednesday made by North Korean defector Kang Myong-to, a son-in-law of North Korean Premier Kang Song-san.

Saying that his ministry is not in a position to comment officially on North Korea's nuclear program as "the issue is basically not a subject under the responsibility of the Defense Ministry," he disclosed that judging from various information collected in the past, North Korea is estimated to possess 15 kilograms of plutonium.

As to the North Korean military situation, he said he heard a Pyongyang radio report on Wednesday that the North Korean chief of General Staff, Choe Kwang, and Vice Marshal Kim Kwang-chin (vice minister of the People's Armed Forces) had pledged their loyalty to Kim Chong-il. The pledge drew great attention as "these persons are classified as the powers that be in first and second revolutionary generations, respectively, in the North Korean Army."

DPRK's Nuclearization Discussed in Tokyo

SK2807114794 Seoul YONHAP in English 1131 GMT 28 Jul 94

[Text] Tokyo, July 28 (YONHAP)—South Korea and Japan had a senior officials meeting here Thursday [28 July] afternoon, agreeing that there should be North Korea's nuclear transparency and denuclearization of the Korean peninsula.

The meeting specially on the Korean situation was attended by First Assistant Foreign Minister Choe Tong-chin from Korea and Deliberations Officer Hiroshi Fukuda from Japan.

Assistant Minister Choe said his government would consistently promote the policy of improving inter-Korean relations through South-North dialogue.

The Japanese delegate expressed the hope that the new North Korean leadership would try to resolve all pending problems in the spirit of dialogue and negotiations.

Regarding a defector's claim that North Korea has five nuclear bombs, Choe said the defector simply spoke of what he heard in North Korea.

"My government has no concrete evidence that substantiates any possession by North Korea of nuclear arms," Choe added.

French Firms To Provide Nuclear Fuel Technology

SK2807002594 Seoul TONG-A ILBO in Korean 27 Jul 94 p 7

[By Pang Hyong-nam from Paris]

[Text] (Frazema) and FBFC [expansion unknown] companies, French enterprises specializing in facilities for nuclear power generation, disclosed on 25 July that they have concluded a contract with the Korea Atomic Fuel Co., Ltd, to lend support to the Korean company in building a plant capable of handling annually 200 tonne-grade uranium for nuclear power generation in Taejon.

The plant, which is expected to begin operations in 1998, will pulverize the uranium fluoride (UF6) into the uranium dioxide (UO2) with the facilities that turn natural uranium into nuclear fuel.

The French companies made clear that they will supply facilities for the building of the plant, supervise the technological support, and even conduct the training of the Korean engineers.

Seoul To Donate $100,000 in Relief to Rwanda

SK2507014694 Seoul YONHAP in English 0118 GMT 25 Jul 94

[Text] Seoul, July 25 (YONHAP)—South Korea will donate 100,000 U.S. dollars in emergency relief aid for Rwandan refugees, the Foreign Ministry announced Monday [25 July].

More assistance through private-level activities and humanitarian aid with the United Nations is in the works, according to the ministry.

U.N. Secretary-General Butrus Butrus-Ghali pleaded with the international community last week to raise aid to Rwanda from the initially planned 270 million dollars to 430 million dollars.

This is South Korea's second donation of emergency foreign relief aid. Seoul also provided 100,000 dollars for refugees from Sarajevo.

President Instructs Government on Rwandan Relief

SK2607031094 Seoul YONHAP in English 0248 GMT 26 Jul 94

[Text] Seoul, July 26 (YONHAP)—South Korean President Kim Yong-sam Tuesday instructed the government to provide Rwandan refugees with medical supplies.

The instruction, given Tuesday morning to Health and Social Affairs Minister So Sang-mok over the phone, is based on "the government's new diplomatic policy valuing life" as well as humanitarianism, Chongwadae [presidential offices] spokesman Chu Ton-sik said.

The medical supplies will be provided in addition to the 100,000 dollars South Korea has committed toward a United Nations-sponsored relief fund for Rwandan refugees, Chu said.

Dailies Review Revelations From War Documents

SK2307071694

[Editorial Report] The following is a compilation of editorials carried in Seoul vernacular newspapers on 22 July regarding Russia's secret diplomatic documents which have been opened to the public and which prove that the Korean War was ignited by a conspiracy between Kim Il-song of North Korea, Stalin of the Soviet Union, and Mao Zedong of China.

The conservative CHOSON ILBO publishes an editorial on page 3 which attaches great significance to the fact that the truth "has been officially disclosed by documents held by one of the conspirators." The editorial stresses: "Although it has been clear-cut since the Korean War broke out that the conflict was a southward invasion by Kim Il-song, the North has so far claimed via distortion that it was a war of northward invasion. If it wants to object to the Russian documents, the North should present data countering that evidence. If it cannot, then from now on North Korea ought to assume responsibility for the war."

The moderate TONG-A ILBO carries an editorial on page 3 which also stresses "Kim Il-song's crimes in history have been laid bare due to the revealed Russian secret documents." The editorial continues: "It was not the ROK which brought the historical truth to light but Russia, which knows the details of the conspiracy during the Korean War. The revisionists' allegations about the origin of the Korean War—that the war was a northward invasion or that a way for the breakout of the war had been orchestrated—have lost their ground." The editorial notes the unchanged revolutionary line of North Korea against the South while reviewing its reunification policy. In conclusion, the editorial stresses that "North Korea should revise its constitution and the rules of the Workers Party of Korea, thereby completely giving up its revolutionary line against South Korea, and should admit without reluctance, and apologize for, its responsibility for the Korean War. This is the only way for North Korea to atone, before the nation and history, for Kim Il-song's war crime of having driven his fellow countrymen into the fratricidal Korean War and of bringing about the national division."

An editorial carried on page 3 of the pro-government SEOUL SINMUN also urges North Korea to take responsibility for the war and apologize to the nation and to history, while stressing that history should no longer be distorted by ideologies.

On page 3 of the left-leaning HANGYORE SINMUN is carried an editorial stressing the need "to make incessant studies and evaluations of the tragedy of the internecine Korean War," while noting that "except for some people with an extreme way of thinking, there is no one in our society who doubts North Korea launched the southward invasion." However, the editorial presents its objection to the Russian documents being made use of "as a tool to dig deep holes of disharmony and conflict within the nation," casting a dubious look at the background of the government's revelation of such documents. The editorial concludes by saying: "We should not let such an issue rock the grand premise of national reconciliation through exchange and cooperation."

Defector's DPRK Nuclear Program Remarks Viewed

SK2807015594 Seoul YONHAP in English 0117 GMT 28 Jul 94

[Text] Berlin, July 28 (YONHAP)—If North Korea indeed possesses about five nuclear warheads, it may have obtained the necessary plutonium not only from its nuclear reactor at Yongbyon but also through other means, a source at the International Atomic Energy Agency (IAEA) said Wednesday.

The source was addressing remarks made by a North Korean defector to the South, who claimed that the North had already developed five nuclear warheads by the end of last year.

The IAEA source doubted that North Korea could have extracted enough plutonium on its own to make five nuclear warheads, citing the fact that a nuclear reactor cannot be fully operated in the early stages due to technical reasons.

The United States estimates that the communist nation has extracted enough plutonium from the Yongbyon reactor to make one or two nuclear warheads. The source guessed that even if North Korea replaced all fuel rods when the reactor's operation was suspended in 1989, it may not have been able to extract more plutonium than Washington estimates because the operation period was too short.

Defector Kang Myong-to, a son-in-law of North Korean Prime Minister Kang Song-san—the No. 3 man in the current hierarchy behind Kim Chong-il and O Chin-u—said Wednesday that Pyongyang had already developed five nuclear warheads by last year's end to complete its nuclear weapons development for this year and will eventually start mass producing warheads.

If Kang's remarks are true, it is likely that North Korea obtained additional plutonium through other means than the 5- megawatt reactor at the Yongbyon complex, the source said.

About 40 kilograms of plutonium is necessary to produce five nuclear warheads, but North Korea probably secured a maximum 15 kilograms of plutonium from its reactor.

An IAEA spokesman said the agency is not yet in a position to officially announce its opinion on Kang's assertion that Pyongyang has already developed five nuclear warheads.

He said the inspection team now monitoring North Korea's 5- megawatt reactor and radiochemical laboratory has not reported on any special situation. As for the spent fuel rods which the North removed from the reactor in may and stored in a holding pool, he said there is nothing to suggest that it has begun reprocessing them.

Policy on DPRK Said Not Changed

SK2807030294 Seoul YONHAP in English 0252 GMT 28 Jul 94

[Text] Seoul, July 28 (YONHAP)—Seoul will not be revising its North Korea strategy based on a defector's claim that Pyongyang already has five nuclear warheads, officials said Thursday.

While not ruling out the possibility that North Korea's nuclear program may be more advanced than previously thought, the officials here said they will continue to seek simultaneous Washington-Pyongyang, Seoul-Pyongyang dialogue.

Kang Myong-to, a son-in-law of North Korean Prime Minister Kang Song-san, defected to Seoul in May. He told a press conference Wednesday that North Korea already had five nuclear warheads and planned to develop five more.

"Kang did not base his claim on concrete evidence. He heard it from someone else," a government official said. "President Kim Yong-sam has said a number of times that North Korea still has nuclear intentions but that there is no proof that it already possesses nuclear weapons. There is no change to that thinking."

A well-informed official at the Agency for National Security Planning (NSP) said there is no evidence to back up Kang's statement and the claim stands unconfirmed.

"South Korea and the United States are completely in agreement that we must have transparency in North Korea's past, present and future nuclear activities," said this official.

"Since Kang's claim is not confirmed by clear proof, the U.S.- North Korea high-level dialogue opening Aug. 5 in Geneva is not likely to be influenced by it."

Seoul will, however, keep in mind that Pyongyang's nuclear status may be more advanced than believed by the international community, all the more reason to demand transparency of its past activities, officials said.

Sources at the National Unification Board reiterated Seoul's assessment that North Korea has the plutonium necessary to make nuclear weapons but has been unable to convert it into bombs.

Japan: Remarks 'Not Confirmed'

SK2807025694 Seoul YONHAP in English 0214 GMT 28 Jul 94

[Text] Tokyo, July 28 (YONHAP)—The Japanese Government was perplexed at the allegation made in Seoul Wednesday by the son-in-law of North Korean Premier Kang Song-san, who asserted that Pyongyang currently has five nuclear warheads.

A Foreign Ministry official said that "it is not immediately credible," but that the possibility "cannot be totally ruled out."

In connection with the claim by Kang Myong-to, the Foreign Ministry has reconfirmed its stand calling for a complete dispelling of suspicions about North Korea's nuclear weapons program. North Korea's past nuclear development should be verified as well as its current activities at the third round of Washington-Pyongyang talks that resume in Geneva on Aug. 5, the official said.

The Foreign Ministry, however, feels that the allegation may have a delicate effect on Washington-Pyongyang negotiations and will watch developments closely.

The official disclosed that Tokyo will ask the South Korean Government for detailed information on North Korea's nuclear capability at a high-level working session opening Thursday.

Chief Cabinet Secretary Kojo Igarashi Wednesday declined to comment on the allegation on the ground that "it has not been confirmed."

Japan's Defense Agency, meanwhile, expressed doubt about the credibility of Kang's claim but did not rule out the possibility.

North Korean Defectors 27 Jul News Conference

SK2807024394 Seoul CHOSON ILBO in Korean 28 Jul 94 pp 3-4

[News conference by Kang Myong-to and Cho Myong-chol, North Korean defectors, with unidentified reporters at the Seoul Press Center on 27 July—first two paragraphs are CHOSON ILBO introduction]

[Text] Kang Myong-to, son-in-law of North Korean Prime Minister Kang Song-san, and Cho Myong-chol, second son of the former construction minister of the North Korean Administration Council, held a news conference on 27 July. At the conference they said that "although they grew up under favorable circumstances as part of the upper class in North Korean society, they defected to South Korea because they had feelings of uneasiness against the Kim Chong-il system and antipathy against Kim Chong-il himself." They pointed out that "if the North Korean economy, which is in a state of bankruptcy, is not rescued, the Kim Chong-il system will not last long."

The questions and answers between reporters and Kang Myong-to and Cho Myong-chol are as follows:

[Reporter] What is the motive of your defection?

[Kang Myong-to] I worked as head of the research section specializing in defense affairs in the Defense College of the Ministry of People's Armed Forces. At the time, I was interned [suyongdoen chogi itta] in the control house No.18 for about two years after being dragged into a power struggle between high-ranking military power holders.

While personally suffering a miserable life and directly witnessing the people who starved to death around me, I came to have antipathy against Kim Chong-il.

With the help of Prime Minister Kang Song-san, my father-in-law, in March 1992 I began to work in the "Nungyong-Yunjon joint-venture company," which is under the supervision of the presidential palace's accounting division. On 18 December 1993, I made a business trip to China for the purpose of collecting payments for steel materials and used cars exported to China. However, my one week stay was prolonged. I had to stay for another month to visit Changchun, Shenyang, and Beijing. Because of this, a report was written indicating that I had disappeared and it was submitted to Kim Chong-il and Kim Chong-il handed out an order to arrest me. I decided to defect when I heard about this report. From the outset, Kim Chong-il appeared to have opposed my overseas trip.

[Cho Myong-chol] I studied with Kim Pyong-il and Kim Yong-il, Kim Il-song's sons, when I attended Namsan Senior High School. With the "wind to remove" factors laying obstacles to the Kim Chong-il system—namely Kim Song-ae, Kim Pyong-il, and the like—teachers, who were close to the teacher in charge of Kim Pyong-il's class, were expelled from the school, and permission was needed from the organization to meet Kim Song-ae and her sons. Seeing all this, I came to have antipathy against Kim Chong-il.

[Reporter] How serious is the power struggle among real military power holders in North Korea, and what forces and factions are there?

[Kang] The military has been split into the O Chin-u faction and the O Kuk-yol faction. Under these there are also factions called "the faction of First Corps" and "faction of Second Corps." O Chin-u was seriously injured in a traffic accident on the way home from a party with Kim Chong-il in 1987. From that point, O Kuk-yol was the acting minister of the People's Armed Forces, and in this capacity, he posted his close associates—including those from the Air Force Command—to important positions in the General Staff offices and the like. With the recovery of his injuries, O Chin-u went back to the office. O Chin-u was inflamed, however, because of O Kuk-yol's personnel reshuffle, and appealed to Kim Chong-il. However, Kim Chong-il spoke up for O Kuk-yol. Then O Chin-u personally talked to Kim Il-song. As a result, O Kuk-yol was finally relieved. Yet discord between the two still continues. In addition, while Yi Pong-won, deputy director of the General Political Bureau of the military who is from the Second Corps, was visiting Russia as a military delegate, the director of the organizational department in the General Political Bureau, who is from the First Corps, posted his confidants to important positions. As a result, friction also ensued between these two factions.

[Reporter] What kind of man is Kim Chong-il?

[Kang] In a nutshell, he is quick-tempered. When he rebukes his close associates or confidants, his rebuke is preposterous [omchongnada]. He is capricious, so capricious that his good mood today abruptly changes into bad tomorrow. He is even foolhardy [chodolchok].

On the other hand, he is very tearful. I heard that when he was drinking wine with his close associates in a country house, he told a tale about his deceased mother, Kim Chong-suk. Hearing this, his sister, Kim Kyong-hui, shed tears, and Kim Chong-il scolded her. But after a while, Kim Chong-il himself also shed tears. He handed out many directives for artistic projects. His skill at the piano is even better than that of an expert. He plays the piano by himself while relaxing in a country house.

I met with Kim Chong-il twice. When Vice President Kang Yang-uk, my grandfather, died in 1983, Kim Il-song and Kim Chong-il personally came to the house. At the time, Kim Chong-il did not seem to be talkative.

When I worked in the accounting division of the Kumsusan Assembly Hall in November 1992, Kim Chong-il came to our office with Prime Minister Kang Song-san, and Chang Song-taek, director of the three revolutions teams. Kim Chong-il inspected new products, including beer, in the "VIP Room" where various new products were displayed. After the inspection, he smiled slightly. As Kim Chong-il smiled, high-ranking officials, who stood in line behind him, heaved a sigh of relief.

The following day a "clock in which a signature is engraved" was sent to our office as a gift from Kim Chong-il. People said that Kim Chong-il is in his best mood when he smiles slightly. However, he never shows such a slight smile in front of the masses, including workers.

I believe his immoderate life began in 1978. At the time, Yi Tong-ho, deputy director of the United Front Department, brought girls to the Munsu Guest House, and then, invited Kim Chong-il to this place. His corrupt life began on this occasion.

Besides, there are "pleasure-giving [kippumjo] teams" formed by Ho Tam, then foreign minister. Even after he transferred to the United Front Department, Ho Tam brought a pleasure-giving team from the Foreign Ministry.

Since he undertook political, economic, and military issues in 1985, he seemed to not have enough time to indulge in a dissipated life. Orchestras are part of the pleasure-giving team. The Pochonbo Orchestra is open to the public. However, the Wangjesan Orchestra has not been open to the general public.

Sixteen members from the pleasure-giving teams, who were older than 20, were sent to the Pyongyang Foreign Language College to study. Of the 16, seven were girls, and I was acquainted with these girls.

At present, there are about three guest houses in each province in North Korea. In Pyongyang, there are four guests houses, including House No. 55 in the Yongsong District, Changsong Guest House, and a guest house in the Munsu District.

Residence No. 55—Kim Chong-il's official residence—was built on the land of 200,000 pyong [one pyong is equivalent to 3.95 square yards] with various recreational facilities, including a race course. Kim Chong-il lives in this residence and seems to come to his office from this residence.

[Reporter] How long do you predict the Kim Chong-il system can survive?

[Kang] Since 1985, Kim Chong-il has controlled all state political affairs under the "unitary guidance system" where everything is conducted in accordance with the instructions and decisions of the party center (Kim Chong-il). So his power foundation has been consolidated, and I do not think his term will be a short one. At the same time, Kim Chong-il's followers, the second generation of the revolution who hail from Kim Il-song University, have been filling the core organ of power, the Organization and Guidance Department of the party Central Committee, for the past 20 years.

However, the destiny of Kim Chong-il's power depends entirely on how he will overcome the present economic difficulties. The North Korean economy today is in a state of insolvency, and 70 percent of its civilian economy has reportedly gone bankrupt. In the case of the Chongjin chemical fiber plant, this plant stopped operating in 1991, and the plant's 8,000 workers were mobilized to work on the construction of roads and buildings. At present, nobody works at the plant.

In the case of the Kim Chaek iron works which produces 40 percent of the total steel produced in North Korea, there are three blast furnaces in this iron works, but only one furnace is operating. Last year, even this furnace had to stop operating for one month because of the shortage in electric power, raw materials, and fuel. Accordingly, the Kim Chong-il system is destined to collapse if it fails to solve such economic difficulties.

[Reporter] Do you have anything more to say about the Kim Chong-il system?

[Kang] I met my father-in-law Kang Song-san at his house on 15 April 1993. At that time, my father-in-law said: "We must solve the issue of food difficulties, or the North Korean system will meet its doom."

Kim Chong-il enjoys less respect from the people than did his father, Kim Il-song. I came to know the real facts about Kim Il- song only after I came here [South Korea]. When I lived in North Korea, I regarded Kim Il-song as a great man.

In particular, in connection with the cause of the 26 June Korean war there is one thing that is still in my memory. It was when Yi Chin-u, a famous writer for war films, was making a war film entitled, "Red Maple." At that time, Yi saw materials on the 25 June Korean war in an office of the Unified Front Department of the party under the approval of Kim Chong-il. From these materials, Yi came to realize the fact that North Korea had invaded the South, and not that South Korea invaded the North.

When he met friends, Yi often mentioned that "the 25 June Korean war was a southward invasion." This was later circulated among people and finally was reported even to Kim Chong-il. He was executed later.

When I heard this story in North Korea, I did not make much of it. Rather, I thought Yi had made a mistake. However, I cannot but express my surprise upon realizing, after I came to South Korea, the true facts on the war.

[Reporter] Is there any reason why power succession has been delayed in North Korea?

[Kang] It would be a back-breaking job for Kim Chong-il to solve all the economic problems himself. At first, I thought Kim Chong-il would pass the title of president to someone else while he himself assumes the title of party general secretary and supreme commander of the army. I also thought O Chin-u, Yi Chong-ok, and Pak Song-chol might be potential presidential candidates although Pak Song-chol has fewer chances because he is witless [minhaeso].

In view of developments in the current situation, however, I think it may not turn out in this way because Kim Chong-il has worked strenuously to ensure the successful transfer of power for a long time. Nonetheless, it would not be much of a problem even if Kim Chong-il were not to assume the presidency, as long as he holds the titles of party general secretary and supreme commander of the army. While we do not have a clear picture of North Korea's power system, there seems to be no problem in a transfer of power.

[Reporter] Who is Kim Chong-il's wife?

[Kang] Kim Chong-il's wedded wife is Kim Yong-suk, and they have two daughters and one son. They live at official residence 55.

Kim Chong-il has one son and one daughter by Ko Yong-hui, a former dancer of the Mansudae Dance troupe.

He once lived with Song Hae-rim, actress of the Korean Art Film Studio. Song Hae-rim was married and had a son when she first met Kim Chong-il. But Kim Chong-il forced her to divorce and sent her former husband to the UNESCO Headquarters in France. Song Hae-rim lived with Kim Chong-il for two or three years and then was sent to the former Soviet Union. Kim Chong-nam (age 23), a son born between Kim Chong-il and Song Hae-rim, is not allowed to call Kim Chong-il his father. He lives in Munsu district with a teacher, an assistant, and a house maid. He often appeared at the Koryo Hotel in Pyongyang and made advances to women working at the hotel. In August 1993, he even shot and killed a woman employee with his assistant's gun for displeasing him. Kim Chong-nam has not appeared at the Koryo Hotel since then.

[Reporter] How much power does Chang Song-taek, Kim Chong-il's brother-in-law, have?

[Kang] Chang Song-taek, director of the three-revolution team, grabbed power last December when he was appointed first vice director of the Organization and Guidance Department of the party. Since the position of director is vacant, Chang Song-taek is the director in all but name. The former first vice director Yun Sung-kwan was dismissed for acting rudely with his friend, Ko Kap-tong, first vice director in charge of censorship.

[Reporter] Can you tell us about your married life?

[Kang] I married twice. The first time was with a member of the pleasure-team for Kim Chong-il, but she left me when I was put in the concentration camp called the management office. My parents, who opposed my marriage to her in the first place, told her that "you can leave if you want to."

When I came out of the concentration camp, my brother introduced me to Kang Hui-yong, the daughter of Kang Song-san, whom he worked with. She was also divorced from her husband at the time because she had failed to give birth to a child during Kang Song-san's term in North Hamgyong Province. We married because we had many things in common.

[Reporter] In what way will North Korea solve the nuclear issue? Does it possess nuclear [materials]?

[Kang] North Korea's nuclear development is not intended as a bargaining chip as seen by the Western world, but for the maintenance of its system under the circumstances in which it is faced with economic difficulties and a situation following the collapse of Eastern Europe. I have heard that North Korea has pushed to have nuclear [materials] for defense rather than for offensive purposes, and that it already possesses five nuclear bombs. I heard, in October 1993, from a responsible official of the State Security Department, who is in charge of security of the nuclear facilities in Yonbyon: "What matters is not whether to possess nuclear bombs, but how many. We are also developing long- range missiles, and their testing is expected to be successful within this year. If we are successful by 1994, we will be able to have up to 10. We once had a goal to have up to 20. Even if we are not successful by 1994, if we are capable of possessing about 10, we will be able to make it known to the international community, and to hold the North-U.S. talks or the South-North summit talks from a position of advantage."

Therefore, I think that until at least 10 nuclear warheads are produced, Kim Chong-il will continue to adopt delaying tactics.

[Reporter] What is the relation between the League of Socialist Working Youth of Korea [LSWYK] and Hanchongnyon [the South Korean Federation of General Student Councils]? What do you think of the Chusapa students [the students who are following Kim Il-song's chuche idea] in the ROK?

[Kang] As an instructor of the Foreign Affairs Section of the LSWYK Headquarters from 1979 to 1982, I had a job guiding foreigners to the Children's Palace. When I heard that Hanchongnyon was connected with Chusapa, I thought that the problem was serious. I understand that not long ago the president of Sogang University had a rough time because he was outspoken. In fact, there is more to it than what he said. Although the Korean Students Committee [of North Korea], which is in charge of maintaining liaison with Hanchongnyon, is under the LSWYK, it is actually under the guidance of Section Six of the United Front Department, a department responsible for dealing with affairs related to the South. The department is trying to assume the reins of

Hanchongnyon, believing that students who are hot-blooded and excitable, rather than workers and peasants, "are very susceptible to" the chuche idea. The meaning of the chuche idea is that man is the master of everything and decides on everything, and he is the most precious. But, the reality is quite to the contrary. Is there not a reason for me to come to South Korea at the risk of my life even though I had been leading a life in the upper circles of such a society?

[Cho] There is no mention about power succession in the theories of communism. But Kim Il-song made use of communist theories to maintain his own system.

To maintain his system, Kim Il-song pursued idolization and stressed: "Believe me. Then, it will be all right." In this process, communism had turned into Kimilsongism. While embracing communism, Kim Il-song claimed that Kimilsongism is in conformity with reality. Of course, the North Korean residents have taken an affirmative view of this in theoretical terms, because there is no leeway for them to present other allegations. But, this affirmative attitude toward the theories has brought enormous pains upon their everyday life.

[Reporter] How did you get information about the ROK?

[Cho] I have been able to read South Korean newspapers since I attended Namsan Senior Middle School. The bulletin "Reference Information" is distributed to those members of the party Central Committee whose ranks are at the level of department directors, or above, of the Central Committee. It contains overseas news items, including those about South Korea. The people are not allowed to take this bulletin to the outside world, but should return it after reading it. After our father read it, we took turns reading it. This bulletin just shows material without any commentaries. I have vast knowledge of the South Korean economy, in particular. Such secret bulletins are in ample circulation in North Korea.

[Reporter] Do you predict that North Korean students studying abroad and diplomats may possibly seek political asylum in the future?

[Cho] An absolute majority of the people of about my same age in North Korea tend to distrust Kim Chong-il. They see Kim Chong-il as short-tempered, imprudent, and prejudiced. He lacks confidence in people. The number of exiles will increase if North Korea seeks openness and will decrease if it continues to close its society.

North Korean students studying abroad have had opportunities to lead a free ideological life and to freely express their ideology. So they feel a sense of discord when they realize the differences between the ideology they have had thus far and the realities that they witness.

Some students studying abroad asked me: "Why are we so poor?" There are a great deal of students who have such an agony. They simply cannot seek asylum because of their families. In other words, they just say: "I must be patient."

[Reporter] Kim Chong-il is also being idolized. What do you say?

[Kang] The idolization of Kim Chong-il has been intensified to such a degree that many adverse effects have emerged. People say that birds fly for Kim Chong-il and a rainbow appears on the Chong- il Hill. They also say that Kim Chong-il, who was born in Russia, was born in Mt. Paektu. However, ordinary people know all the facts about him. They cannot but blindly follow what they say about him although they know all facts about him.

However, intellectuals and scientists, including graduates from Kim Il-song University, and people from the upper and middle class think differently. When these people's sentiments strengthen, the Kim Chong-il system will collapse.

Some people belonging to the high-ranking class think that if the country is reunified by the initiative of the South, all of the people belonging to the high-ranking class will be executed. They have supported the North Korean system only to protect their personal safety. They enjoy the privilege of receiving sufficient amounts of food every other day. In other words, they are supporting the present system in order to protect their personal safety in that society.

Cadre-level people in the high-ranking class have been uneasy thus far. However, with the death of Kim Il-song I think they must be in a state of frustration, because Kim Il-song's death means the loss of their direction.

Kang Song-san once said, "It cannot continue long." I agree with this. North Korea's present system will not be able to continue for long.

[Reporter] How about North Korea's intelligence activities in connection with nuclear weapons?

[Cho] As the North Korean nuclear issue became a hot issue in the international arena, and as the international pressure increased accordingly, North Korea even sent intelligence agents to China to collect intelligence related to nuclear weapons. North Korea was anxious to know many things about China. First, if a war broke out on the Korean peninsula, would China participate in the war? Second, would China provide assistance to North Korea? Third, China's position toward the North Korean nuclear issue.

In August 1993, I visited the North Korean border area with China together with a guiding functionary from the Second Section of the Investigation Department of the External Intelligence (?Office).

[Reporter] According to the intelligence you collected, what level of support do you assess China can provide if a war broke out on the Korean peninsula?

[Cho] I am not sure about human resources, but I believe that if a war broke out, China would surely provide other forms of support.

Profile of 2 North Korean Defectors Provided

SK2807012894 Seoul THE KOREA TIMES in English 28 Jul 94 p 2

[By staff reporter Kim Song-pok]

[Text] The separate defections of two "upper class" North Koreans is raising suspicions about unrest in the North.

An intelligence official here says the two defections could be a sign of instability in the North Korean hierarchy.

The official who asked not to be identified said, "We will have to wait for other development before we can draw a clear picture of the current situation in North Korea after the death of Kim Il-song. But it seems that something is happening there."

The defectors are Kang Myong-to, 36, a son-in-law of North Korean Prime Minister Kang Song-san, and Cho Myong-chol, 35, a son of Cho Chol-chun an incumbent member of the Supreme People's Assembly and former construction minister.

Prime Minister Kang Song-san, 63, was ranked third in the list of the funeral committee for the late Kim Il-song, a good sign that he is the third in the hierarchy after Kim Chong-il and defense minister and marshall O Chin-u.

Thus far, many North Koreans have defected to the capitalist South. Most of them are either workers, low-level officials or soldiers.

But the defections of Kang and Cho are different in that they are family members of those on the top rungs of the inner circle of North Korean society, where nepotism is prevalent.

Kang studied French at Pyongyang University for Foreign Studies, a must course for North Korean diplomats, and worked for a "trading company" under the wing of the presidential office, better known as Kumsusan Palace.

It is reported that only those in the "special status" are allowed to work for the trading firm tasked with earning foreign currencies and supplying goods for use by the late Kim and his son Chong-il. It is alleged the firm is involved in drug trafficking.

Kang's family background is very impressive since his father-in- law Kang Song-san is Prime Minister. Besides this, Kang is a maternal cousin of the late Kim Il-song.

Kang's father, who died in 1972, headed Pyongyang city administration construction bureau.

Kang's elder sister Kang Ae-yon, 52, is in charge of the international section of the Potonggang Hotel and her husband is a professor at Kim Chaek University of Engineering. He is now studying in China.

Defector Cho Myong-chol was on the faculty of Kim Il-song University and studied at a Tianjin university in China.

His father Cho Chol-chun, who once served as construction minister, studied Leningrad University in Russia after graduating from Kim Il-song University. He served as construction minister from 1978 until May this year. His mother, 62, work as Russian translator.

Defector Cho's wife, Kim Hyang-sim, 30, works for the design analysis section of the light industry committee.

His brother Cho Hui-chol, 38 works in the transportation bureau. He also has a 31-year brother Cho Tong-chol, who is a member of the field revolutionary squad, commonly called the three revolutions team.

The two defectors are assured of plum jobs in North Korea because of their family background and because of rampant nepotism. But they defected to the South.

Intelligence officials believe that they might have had the chance to look at North Korean society from an objective viewpoint and become disenchanted with it.

They said some change appears to be blowing into the tightly closed society of North Korea, citing recent increases in defections including lumbermen and students besides the defection of Kang and Cho.

Another DPRK Defector Reportedly Arrives

SK2807064794 Seoul YONHAP in English 0539 GMT 28 Jul 94

[Text] Seoul, July 28 (YONHAP)—Another North Korean defector has arrived in the western port city of Inchon from a third country seeking asylum in South Korea, the Agency for National Security Planning (NSP) announced Thursday.

The North Korean, Kim Tong-hun, 42, was a section chief at North Korea's Kumkangsan trading company.

The NSP is looking into his personal background in the North and investigating what led him to flee the communist country.

After graduating from Wonsan Economics College in 1984, Kim worked at the trading company before going to China last January to study marketing. It was there that he came to know about the degree of development in South Korea and decided to escape.

Kim left behind his father, a former staff member of Wonsan Economics College, mother, wife and a child.

Kim Chong-il Plans 'Strong' Steps on Defectors

SK2807151294 Seoul KBS-1 Radio Network in Korean 1430 GMT 28 Jul 94

[Text] Russia's NEZAVISIMAYA GAZETA reported that Kim Chong-il of North Korea is likely to take strong measures regarding the recent defections to South Korea of family members and distant relatives of high-level North Korean officials.

The paper reported that Kim Chong-il, who seems to have taken over power in North Korea, cannot but call to account high-level North Korean officials for the treacherous act committed by their family members and distant relatives' when they defected to South Korea during [word indistinct], thus upholding the strong policies of his father Kim Il-song.

DPRK Said To Send Students to PRC College

SK2807012994 Seoul MAEIL KYONGJE SINMUN in Korean 27 Jul 94 p 2

[By So Yang-won]

[Text] Amid speculations that it will be inevitable for North Korea to open up after President Kim Il-song's death, it has been known that North Korea is planning to send about 10 students to Yanbian College of Science and Technology in Yanji, Jilin Province, China. This is attracting public attention because those North Korean students are expected to study at the college China's opening and the principle of market economy.

One official at the college explained by saying: "The North Korean students will have firsthand experience in China's opening and learn the theories of market economy, such as the principles of economics and theories of foreign trade. We cannot correctly predict what type of opening North Korea will adopt in the future or when it will put spurs to the opening. But, we understand that the latest North Korean measure of sending students to study can be construed as a preliminary move for its opening."

It is expected that Yanbian College of Science and Technology—the first private college in China—which has been highly ranked among the list of examples of opening, will even breathe life into the question of North Korea's opening.

This college is a nationally-oriented college founded in September 1993 by ROK Christians' funds for about 3 million Korean nationals scattered throughout China, formerly Soviet Union areas, and other regions. The college with the school precepts of "Truth, Peace and Harmony, and Humane Affection" opens its door even to the fellow countrymen in North Korea. In accordance with the school precepts, college President Kim Chin-kyong, 59, doctor of philosophy from (?Bryant) College in the United States, decided to accept North Korean students after having consultations with the North Korean authorities.

At present, this college is receiving support from Christians and about 100 enterprises and providing a substantial college education to students. As a result, only one year after its founding, the college has become a dream learning institution for 3 million Korean compatriots. In case of this college's Technology Research Institute, about 2,000 applicants sent in applications for 200 vacancies. The first group of graduates of this institute are now working at well-known enterprises in major cities, such as Beijing, Tianjin, Changchun, and Dalian.

According to officials concerned, this college has been able to be so successful in such a short period of time because of the extraordinary efforts by President Kim, a Korean-American. It is said that President Kim visited Yanbian for the first time in 1986, when he made up his mind to establish a college with a view to helping improve the life of the Korean nationals who are living their life while never forgetting their mother tongue even in the midst of the conflict between the South and North.

Not minding the cynical views in the ROK that it would be difficult to have such a plan realized, he obtained permission from the Chinese Government to found a junior college of technology for the Korean nationals in Yanbian, China, in February 1988, after having incessant negotiations with the Chinese, and made it possible for the junior college to be upgraded to a four-year college of technology in March 1990.

President Kim has once been rumored to assume an important task shuttling between the South and North, because he has a wide range of friends throughout the world, including South and North Korea, the United States, and China.

To this rumor, one official close to President Kim flatly stated: "The rumor is preposterous. We hope that as North Korea's latest measure of sending students to this college to study, more elites versed in door opening will be fostered in North Korea."

Travelers to North Observe Signs of 'Change'

SK2507075194 Seoul HANGUK ILBO in Korean 25 Jul 94 p 2

[Article by Yi Chun-hui from Yanji]

[Text] It was learned that noteworthy signs of change have been taking place in North Korean society since Kim Il-song's death.

According to Koreans residing in China who recently visited North Korea, the tense atmosphere in North Korean society has eased considerably after Kim Il-song's death. They said that the overall social atmosphere is rapidly showing an easing of tension and the people have seemed to have lost their spirit. Also, people have started to openly talk about the fact that there is instability in the system, which was a taboo in the past.

A certain Mr. Yi (48, resident of Heilongjiang Province) who returned to China on 24 July after visiting a relative in North Korea said: "When I first went through customs, the customs officers were very highhanded and difficult, but now they showed an unprecedented attitude of being very lax and carried out work superficially. I definitely felt that there was a change in the atmosphere." He also said that when he visited his relatives in Onsong, North Hamgyong Province they openly expressed dissatisfaction, which is unprecedented, by saying: "Is not eating well and working all our lives for communism a life worthy of man?"

Another traveler, a certain Mr. Choe (44, resident of Jilian Province) said: "When I went to North Korea early this year and stayed with my relatives, agents of the police security department frequently examined our movements, and if two to three people gathered on the streets and talked, I felt that they were watching over us, but this time there was no such behavior at all. After the memorial service, the people ignored almost all television and radio programs, which broadcast almost the same program again and again. I felt that they were concentrating on how they will eat and earn money in the future."

A Korean merchant residing in China (50, resident of Jilin Province) said: "I was surprised when I heard the North Koreans talking loudly that if the comrade leader 'is to perform his duty worthily as the head of a family, he must heartily feed his family first.' We could not even imagine such talk could be exchanged when Kim Il-song was alive." Another traveler said that around 20 July when he visited Namyang, North Korea, he witnessed a person being dragged away by an official because he defied an official by saying: "A dead person is a dead person, do not we, who are alive, have to live?" after being restrained from selling dishes.

Sources convey that currently throughout North Korea, various Kim Il-song related placards such as 'We truly wish the leader, Kim Il- song's long life and good health' are being pulled down and 'work for adjustment,' such as preparing new slogans is being carried out.

Observers here view that considering various situations, it is noticeable that discipline in the system has been lax starting with the local areas, including remote regions in North Korea, after Kim Il-song's death; and the people are awakening from the atmosphere of devotion only to the revolutionary ideology of Kim Il-song's system, and have started to open their eyes in their desire to improve their livelihood.

Lawmakers Sketch DPRK Rumors Heard in PRC

SK2307065494 Seoul CHOSON ILBO in Korean 23 Jul 94 p 4

[By reporter Ho Yong-pom]

[Text] On the afternoon of 22 July, 194 nonmainstream lawmakers, party executives, and party members within the Democratic Party [DP], including standing advisers Kim Sang-hyon and Chong Tae-chol, returned from a seven-night, eight-day visit to China. They said that during their visit to China, "they heard all kinds of rumors on reasons for Kim Il-song's death and Kim Chong-il's health." They conveyed some of the rumors that prevail among the ethnic Koreans in Yanbian and the Chinese.

Adviser Chong Tae-chol revealed: "When I met an incumbent minister of the Chinese Government, he said that 'it is known within the government that Kim Chong-il's health is not very good because of injuries incurred when he fell off a horse and because of chronic illness from diabetes and high blood pressure.'" Adviser Chong also said: "I heard from Korean residents living in China that right after Kim Il-song's death, five North Koreans tried to cross the Tumen River but three of them were shot dead and the other two are under the protection of ethnic Koreans in China."

Chairman Yi Hui-suk of the Kwachon and Uiwang region said: "I heard a similar story. I heard that three North Koreans attempted to cross the river." These politicians think that this shows that North Koreans may be making more efforts to escape by taking advantage of the confusing situation due to Kim Il-song's death.

Adviser Kim Sang-hyon said: "What impressed me was the fact that the owner of a famous 'Pyongyang cold noodle' restaurant which is situated along the road to Mt. Paektu returned to North Korea to participate in Kim Il-song's funeral. I also heard that many sons of high-ranking North Korean officials studying at Beijing University also returned home to participate in the funeral."

Meanwhile, they noted that China and Yanbian were not as preoccupied with Kim Il-song's death and North Korea's situation after Kim Il-song's death as they were. Lawmaker Pak Chong-hun said: "It seemed that our fellow countrymen and the Chinese did not know much about North Korea's situation. There were people who did not even know that Kim Il-song had died." Adviser Kim Sang-hyon said: "I did not see anyone on the streets who wore a black ribbon or talked about Kim Il-song as a topic of interest."

Lawmaker Kim Mal-yong said: "Professors of Yanbian University and officials of Jilin Province were interested in promoting trade and discussing economic issues with the ROK. They did not show much interest in Kim Il-song's death."

They said that amid this kind of situation, Chinese officials and various figures were predicting that North Korea would consolidate the Kim Chong-il's system and that this in turn would promote North Korea's openness. Adviser Kim said: "When I met an elder who was a former secretary of Deng Xiaoping and Chou Enlai, he said 'North Korea must be maintained under Kim Chong-il's system so that the situation on the Korean peninsula can be stable. This is the reason China is hoping that Kim Chong-il will visit China as soon as possible.'"

Adviser Chong said: "There were rumors that Kim Il-song was assassinated by Kim Chong-il, but those rumors are questionable and have not been confirmed. While such unconfirmed rumors are widespread, Yanbian's overall atmosphere was its peaceful self."

Unification Institute Urges N-S Talks

SK2807032194 Seoul TONG-A ILBO in Korean 27 Jul 94 p 6

[Article by Hwang Yu-song: "It Is Considered Desirable To Push Ahead With N-S Summit Talks Again"]

[Text] On 26 July, the Research Institute for National Unification expressed the view that because North Korea, which is now on a power transition period, is very sensitive to outside stimulation, it is appropriate for the government to actually recognize the Kim Chong-il power and to maintain consistency in its existing unification policy, instead of formulating a new unification policy toward North Korea.

The institute also said: The government will come to recognize the Kim Chong-il system when it holds the North-South summit talks with Kim Chong-il, but it is necessary to push ahead with the talks again in order to find a breakthrough in improving North-South relations, as well as to have an opportunity for the peaceful coexistence with North Korea.

This has been disclosed in a report "The Appearance of the Kim Chong-il Power and Prospects for North Korea's Policy" issued on 26 July by the Research Institute for National Unification, the government-operated research organization under the National Unification Board.

With the impending Kim Chong-il system, the government has to formulate a new policy toward North Korea, as well as to set a direction to push North-South summit talks again. The report attracts people's attention in this respect.

Regarding North Korea's new system, the report points out that the government should put an emphasis on its North Korean policy to take the lead in promoting North-South relations based on the superiority of its economic or diplomatic power. It says, however, that the government should make the new North Korean ruling forces become aware that they can preserve the North Korean system, as well as promote the prosperity of all Korean people, only if they pursue a "North-South coexistence," not a "North-South confrontation."

The report predicts that Kim Chong-il seems to pursue improving North-South relations, but it is unlikely that the summit talks will be held in the next few months because he needs more time to restructure power organizations in North Korea.

Also, it assessed that it is very likely that the Kim Chong-il power will adopt a gradual opening policy to secure support from the people, while continuously maintaining Kim Il-song's previous policies.

Regarding a home affairs policy, in particular, it predicts that Kim Chong-il will concentrate efforts on improving the people's standard of living, as well as on converting the previous policy of giving priority to heavy industry into the policy of putting an emphasis on agriculture and light industry. He will also continue to push ahead with the already-established three policies—such as trade, technology, and light industry first.

It also predicts that North Korea will first push ahead with a policy of revitalizing the "Najin-Sonbong free economic trade zone" and make efforts to gradually extend the zone in the future, and that for its realization, it would appoint technocrats, such as Kim Yong-sun and Kim Tal-hyon, to important posts.

It says that because North Korea believes that the revitalization of exchanges and cooperation between the North and South would lead North Korea to open its society to foreign countries, and that, as a result, it can be used as a factor to threaten North Korean systems, it is inactive in improving the overall North-South relations, such as fully implementing the "North-South basic agreement."

Regarding the nuclear issue, it predicts that North Korea will comprehensively use a nuclear card to resolve the issue through a package deal, demanding the normalization of diplomatic relations with the United States, the removal of restrictions regulating the trade law against enemy countries, the conclusion of a peace agreement, the guarantee for nuclear safety against North Korea, and the technology for a light-water reactor.

Regarding the unification policy, it also predicts that because the Kim Chong-il power continues to maintain North Korea's previous policies—such as the three principles for national reunification and the 10-point program for the great unity of the whole nation—North Korea will constantly push ahead with its reunification front strategy, even if it seeks North-South coexistence in the future.

It points out that along with this, North Korea will make efforts to take the lead in resolving the reunification issue by partially revising and proposing its previous reunification policy through a confederal system, including the strengthening of local government's authority.

Speculation on DPRK's 'Victory Day' Activities

SK2807075694 Seoul YONHAP in English 0517 GMT 28 Jul 94

[Text] Seoul, July 28 (YONHAP)—North Korea marked the 41st anniversary of "the Victory Day of the Fatherland Liberation War," referring to the Korean War (1950-53) armistice day, in a ceremony that lasted only 40 minutes in Pyongyang Wednesday [27 July] and which failed to confirm Kim Chong-il's succession of his father, Kim Il-song, as the new leader of the world's last Stalinist state.

Contrary to the guesswork of many North Korea watchers here, Kim Chong-il did not show up at the ceremony held in the February 8 Cultural Hall, and North Korean media continued calling him "the National Defense Committee chairman and supreme commander of the Korean People's Army."

Considering that the younger Kim has seldom attended the Victory Day ceremony over the years, little significance can be attached to his absence from Wednesday's ceremony. Nevertheless, some analysts considered it unusual.

If the younger Kim were in firm control of the country after his father's death, he would have taken advantage of the Victory Day ceremony to announce his rise to power as general secretary of the Workers' (Communist) Party, the no. 1 post in this reclusive communist state.

The absence of Premier Kang Song-san and People's Armed Forces General Chief of Staff Choe Kwang also drew the attention of North Korea watchers.

At last year's Victory Day ceremony, Premier Kang read a report, which is deemed the most important part of the ceremony. Choe Kwang is a key member of North Korea's military elite and his absence from the ceremony, which is basically a military function, is raising suspicions about the military hierarchy.

Some analysts here attribute premier Kang's absence to his son- in-law's recent defection to South Korea.

Another unusual thing about the ceremony was that Radio Pyongyang, airing the recorded proceedings Wednesday evening, did not name all the important persons in attendance. The announcer cited only a few—people's Armed Forces Minister O Chin-u and Vice Presidents Yi Chong-ok, Pak Song-chol and Kim Yong-chu. Other important participants were simply referred to as "Political Bureau alternate members and People's Army vice marshals."

This was quite different from the past practice of listing the participants in such a meeting in hierarchal order.

"It may indicate that they are still working on reshuffling the hierarchy," a government analyst said.

Nonetheless, it appears there is no change in Kim Chong-il's taking the reins from his father in the Stalinist nation's dynastic succession.

Kye Ung-tae, a Politburo member and public security secretary of the party, reading a report "as the entrustee" during the Victory Day ceremony, called on the people and the members of the people's armed forces "to respect dear leader comrade Kim Chong-il as the guardian of our revolution and pledge full allegiance to the party's ideology and revolution."

Although the younger Kim's installation as party general secretary and state president is being delayed, no change is evident in his status as "great leader" Kim Il-song's hand-picked heir.

On the other hand, the longer his succession is delayed, the more widespread the rumors about a power struggle within the inner circle and about his health problems, analysts remarked.

Chongwadae [presidential offices] and National Unification Board officials took note of a call for "firm unity around the party with Kim Chong-il at its center" in Kye Ung-tae's report at the Victory Day ceremony.

This wording was used by Foreign Minister Kim Yong-nam in a consolatory speech at the memorial rally for the late Kim Il-song on Wednesday last week.

A Chongwadae official said, "If Kim Chong-il is in solid control of the country, the wording should be firm unity around Kim Chong- il," not around the party.' But I doubt there is some problem in Kim Chong-il's succession."

A National Unification Board official noted, "When Kim Chong-il is inaugurated as party general secretary and concurrently as state president following his father's will, the real power will rest with the Workers' Party Politburo members in a collective leadership.

"If North Korea failed to convene a meeting of the Supreme People's Assembly this week, it would indicate that something unusual was happening in the transition of power to Kim Chong-il."

Noting Kye Ung-tae's emphasis on Kim Il-song's three principles of independence, peace and national unity, and the 10-point national unity program in his report to the ceremony, these officials said North Korea's new leadership would follow the late Kim's policy line.

The February 8 Cultural Hall in which the Victory Day ceremony was held Wednesday seats about 6,000, a much smaller capacity than Pyongyang gymnasium in which the same ceremony was held last year with Premier Kang Song-san reading a report.

More on ROK Goods Bearing Trademarks in DPRK

[Editorial Report] Citing a Hong Kong source well-versed in North Korean affairs, the 14 July SEOUL SINMUN on page 2 reported that Kim Chong-il has allowed South Korean products bearing ROK trademarks to be sold in North Korea. In the past, South Korean-made automobiles, television sets, refrigerators, washing machines, radios, and clothing were sold in North Korea bearing either a Japanese trademark or no trademarks. In late June, Kim reportedly told DPRK trade officials to stop immediately the practice of replacing South Korean tags with Japanese tags since "all our people already know about the high quality goods produced by South Korea." According to the paper, a high-ranking North Korean official told the source that "in North Korea, we have been able to buy goods with "made in South Korea" labels in the last few days and trade officials are happy about the change."

DPRK Goods Arrive in Inchon Port 22 Jul

SK2407041294 Seoul YONHAP in English 0247 GMT 24 Jul 94

[Text] Inchon, South Korea, July 24 (YONHAP)—A cargo ship carrying North Korean-made commodities put in at Inchon port on last Friday [22 July] for the first time since the death of North Korean President Kim Il-song, the Inchon Office of the Korea Maritime and Port Administration said on Sunday.

The administration said that a 887-ton Honduras cargo ship arrived at the fifth quayside of the Inchon port on last Friday morning, with 700,000 U.S. dollar worth North Korean commodities.

The commodities include duck down jackets and shirts, processing-on-commission goods which South Korea's Samsung Co. had ordered from North Korea, and ginseng liquor, according to the administration.

Prosecution Plans Legal Action Against Pak

SK2407100594 Seoul YONHAP in English 0900 GMT 24 Jul 94

[Text] Seoul, July 24 (YONHAP)—The Public Prosecution said Sunday it will take a legal action against SEGYE TIMES President Pak Po-hui as soon as he arrives here in charges of the National Security Law.

Choe Hwan, chief of the Public Prosecution, said that Pak's visit to North Korea had not been reported to the authorities in advance and that his visit has no just reason for promotion of the inter- Korean exchange and cooperation.

"We cannot consider his call of condolence as a lawful visit," he said.

Pak left Seoul on July 11 for Pyongyang to interview Kim Chong- il.

Pak held a press conference in Beijing on Saturday after arriving there from Pyongyang earlier the day.

He said he met Kim Chong-il at Kim's request in his office and quoted Kim as saying that the inter-Korean summit agreed by South and North Korea is as effective as ever and that he will do a good job in obedience of his father's will.

Article Views Pak Po-hui's Visit Controversy

SK2507090894 Seoul CHOSON ILBO in Korean 25 Jul 94 p 3

[Article by Sim Yang-sop, Ho Yong-pom, and Ku Song-sin]

[Text] Sending a condolence message praising Kim Il-song before his visit to North Korea, attending the funeral and memorial services for Kim Il-song and laying wreaths before his bier, expressing "deep" condolences, meeting with Kim Chong-il, using the title of "Your Excellency Kim Chong-il," and labeling the ROK as "South Korea" and North Korea as "the DPRK"... The recent activities and remarks of SEKYE ILBO president-publisher Pak Po-hui, who returned to Beijing on 23 July after completing his condolence visit to Pyongyang, continue to cause ripples at home.

Mr. Pak said he only fulfilled his mission as a journalist and a religionist. The government and the ruling party, however, made their stance clear that the prosecution should handle this case according to "the law," saying "there can never be an exception as far as North Korea is concerned." The criticism mounts even inside the opposition parties, including the Democratic Party.

The government has decided that upon his return to Seoul it will judicially handle his case after thoroughly investigating his activities in North Korea. The government believes that what is known about his activities up to now is enough to handle his case judicially.

Government officials pointed out that there are many questionable points in the contents of his talks with Kim Chong-il considering present conditions. Particularly, there is something inexplicable in his remark that "I did not see any abnormalities in his health. Kim Chong-il's hands were warm and his voice rotund."

One official said: "It is hard to give credibility to his remarks in view of Kim Chong-il's haggard complexion with his mouth half- opened throughout the memorial service for Kim Il-song," and added: "Judging from the fact that Mr. Pak called Kim Chong-il 'Your Excellency Kim Chong-il,' Mr. Pak may have been used by North Korea as a means to propagate Kim Chong-il."

An official of the National Unification Board notably said: "Mr. Pak is saying something about the mission of a religious man. However, in my personal opinion, the real purpose of his visit to North Korea is to expand works concerning the Unification Church," thus devaluating his meeting with Kim Chong-il. He added: "Even if he received a valuable message from Kim Chong-il, it could be a part of North Korea's typical unification front strategy to exploit a major ROK figure's visit to North Korea."

The Democratic Liberal Party, as well, is of the opinion that a resolute handling of Mr. Pak is inevitable in view of popular sentiment. It thinks that people will not tolerate any decision to accept his visit to Pyongyang as an exception simply because he is a newspaper publisher and that this would cause serious confusion in the people's awareness of North Korea.

Yi Se-ki, chairman of the Policy Committee, said: "How could he do such a thing? I cannot understand it at all."

He also said: "The prosecution will take appropriate measures upon investigation of this case."

Kang Sam-che, director of the Office of Planning and Coordination, flatly said: "In view of the people's sentiment, it will be impossible to hush up the Mr. Pak case."

Spokesman Pak Pom-chin again confirmed the party's position that the government must take resolute measures if its investigation finds any illegal act. Another party leader said: "We do not know exactly what happened from Mr. Pak's remarks. Therefore, a thorough investigation must be conducted into what he really did in Pyongyang."

Mr. Pak conveyed North Korea's message that it hopes to hold summit talks at an early date. Regarding this, Kang Sam-che, director of the Office of Planning and Coordination, and Paek Nam- chi, director in charge of political affairs of the Office of Policy Coordination, said: "The agreement on North-South summit talks is still effective. However, it is not necessary for us to hasten to hold talks on our side."

Democratic Party lawmakers have unanimously pointed out that Mr. Pak's visit to Pyongyang and his expression of condolences were inappropriate as far as their timing is concerned. They also said: As was indicated in the National Assembly, expressing condolences may be controversial. However, Mr. Pak's independent act was not correct in view of the fact that the government clearly bans such an act and that it is a subject of criticism in society.

Chairman Kwon No-kap said: "Whether to express condolences or not is what the government must decide. His independent act is not desirable."

Lawmaker Kang Chang-song said: "Abiding by law in a law-governed country is more important than bringing about any achievement."

However, these lawmakers assumed a reserved attitude on if the prosecution should handle his case, saying: "This is what the government should decide."

Lawmaker Kwon No-kap said: "Using a highest honorific [when calling Kim Chong-il] is inappropriate in view of diplomatic protocol because there has been no announcement yet that Kim Chong- il was elected president."

Spokesman Pak Chi-won stated: "Considering Mr. Pak's status, one cannot rule out the possibility that he was on a mission from the U.S. Government."

Publisher Pak Po-hui Delays Return Home

SK2707031594 Seoul YONHAP in English 0041 GMT 27 Jul 94

[Text] Washington, July 27 (YONHAP)—Pak Po-hui, president-publisher of the Seoul-based SEKYE TIMES, has suggested that he would stay in the United States for the time being, putting off his return to South Korea.

Pak attended the inaugural meeting of "The Youth Federation for World Peace," an organization affiliated with the Unification Church, along with church leader Moon Sun-myung on Tuesday afternoon at a hotel in Washington, D.C.

The SEKYE TIMES is also affiliated with the Rev. Moon's Unification Church.

Pak, saying he did not know when he would return to Seoul, replied "yes" to a question on whether he will stay in the United States for the time being.

Pak left Seoul on July 11 for Pyongyang to express condolences over President Kim Il-song's death and to interview Kim Chong-il, then went to the United States Monday after completing his visit to North Korea.

South Korean authorities are planning to take judicial action against Pak on charges of violating the National Security Law by visiting North Korea without reporting to the government and for "praising" the North.

At a press conference held in Beijing last Saturday, Pak said he was carrying a message from Kim Chong-il to convey to the governments of South Korea and the United States.

However, he did not say when he would visit the White House to deliver Kim Chong-il's message.

"I don't have any detailed schedule at the moment because I arrived here in Washington only last evening," he said.

Meanwhile, Former British Prime Minister Edward Heath, former U.S. Secretary of State Alexander Haig and other figures attended the inaugural meeting to give congratulatory speeches before 5,000 people from about 160 countries.

Moon Sun-myung donated 1 million U.S. dollars to the federation.

New SEKYE TIMES Publisher Selected

SK2807115794 Seoul YONHAP in English 1128 GMT 28 Jul 94

[Text] Seoul, July 28 (YONHAP)—The newspaper SEKYE TIMES selected in its board meeting Thursday [28 July] Yi Sang-hon, director of the Unification Thought Institute, as its president publisher.

Yi succeeds Pak Po-hui as SEKYE TIMES president-publisher, who has gone to the United States after attending Kim Il-song's funeral service in Pyongyang.

The Seoul government, enraged at Pak's arbitrary condolence visit to Pyongyang, had told the newspaper that Pak could no longer be the publisher of the daily since

Pak's domestic residence registration had been revoked because he has permanent residentship in the United States.

New president-publisher Yi, age 80, studied at Severance Medical College and had worked at various organizations of Rev. Mun Son-myong's Unification Church.

He once was editor-in-chief and later vice chairman of the SEKYE TIMES.

Universities Plan To Launch Student Movement

SK2807033594 Seoul KBS-1 Radio Network in Korean 0200 GMT 28 Jul 94

[Text] Twenty universities from across the country, including Seoul National University [SNU] and Yonsei University will found a new students' organization, opposed to the line of Hanchongnyon [the South Korean Federation of General Student Councils].

Kang Pyong-hun, president of the SNU's General Students Council who is leading the founding of the new students' movement, disclosed: Hanchongnyon's core members have been shunned by citizens and students because they are undemocratic and inclined towards following North Korea. We have, thus, decided to launch a new student movement that will listen to the variety of voices.

President Kang criticized the existing students movement groups for isolating themselves with their countless solidarity activities with Pomminnyon [the National Alliance for the Country's Reunification] and Pomchonghangnyon [the National Alliance for Youth and Students for the Country's Reunification]. He added that the student movements of the future will pursue national unification along lines sympathetic to citizens.

President Kang said, however: We will not break away from Hanchongnyon so long as the founding goal of the new students' movement group coincides with that of Hanchongnyon to achieve self- supporting reforms.

The general students' councils and organizations of about 20 universities from across the country, which are participating in this move, are expected to officially launch the new organization at SNU on 3 August by holding an inaugural meeting of the National Students Movement Headquarters To Realize Peace on the Korean Peninsula and To Usher in the Era of National Unification.

Firm Steps Urged Against 'Chusapa' Students

SK2607104594 Seoul YONHAP in English 1009 GMT 26 Jul 94

[Text] Seoul, July 26 (YONHAP)—A majority of the South Korean people believe that law-enforcement authorities should deal with the pro-North Korean activities of "Chuche Thought Faction (Chusapa)" students more resolutely than now, a recent poll has showed.

An opinion survey taken by the Korea Gallup Co. on Sunday revealed that 81.4 percent of the 1,000 pollees said they do not think good of student demonstrations.

As to government actions against illegal or violent student demonstrations, 52.9 percent said they believe government steps against them are "weak" while only 21.8 percent said they are "rigid."

The survey was made in a contract awarded by the Information Ministry. One thousand people aged 20 or older were polled over the phone.

Of the total questioned, 66.6 percent called for resolute actions against violent pro-North Korean activities of "Chusapa" and some other radical students for the sake of the upkeep of the liberal democratic system.

Regarding the recent joint decision of university presidents to uproot "Chusapa" and other violence-monger students, 78.2 percent expressed their support of the decision.

On the pros and cons over whether the Hanchongnyon [Korean Federation of General Student Councils] student organization has any linkage with North Korea, 53.5 percent said they believe the student organization has something to do with North Korea.

Asked what they thought of the facsimile messages Hanchongnyon leaders exchanged with North Korea without government permission, 73.5 percent said they shouldn't have done so.

Candidates 'Intensifying' By-Elections Campaigns

SK2407043394 Seoul THE KOREA HERALD in English 24 Jul 94 p 2

[By staff reporter by Sin Yong-pae]

[Text] With only eight days to go before the Aug. 2 National Assembly by-elections, candidates are intensifying their campaigns to win the three parliamentary seats up for grabs.

At the same time, the nation's top election watchdog body has stepped up its efforts to maintain strict control over any illegal campaigns.

A total of 23 people have registered with election management offices for the assembly contest.

The most hotly contested area is Susong-A district in the nation's third-largest city of Taegu, where 12 political aspirants are vying for one seat.

Six candidates are running for office in Kyongju, North Kyongsang Province, and five in Yongwol-Pyongchang in Kangwon Province.

The by-elections are the first of their kind since the legislature enacted the new Election Law, the centerpiece of the political reform package, in March this year.

"Accordingly, the by-elections, although limited to some electoral districts, will serve as an indicator as to whether the nation can foster a new electoral culture different from the corruption-plagued elections in the past or not," an observer said.

The strict Election Law, aimed at ensuring a fair and inexpensive election, limits a parliamentary candidate to spending a maximum of 65 million won (about $80,000) on a campaign.

In addition, candidates are not allowed to hire paid campaign workers, instead they are only to use volunteers.

President Kim Yong-sam is determined that the by-elections will be the fairest and clearest ever conducted in the nation's political history.

Echoing Kim's determination, the ruling and opposition parties have agreed to form a joint election-watch team to investigate any illicit campaigns such as vote-buying activities and black-mailing.

The Central Election Management Committee (CEMC) said Wednesday [20 July] that it has mobilized several hundred officials to keep an eye on campaigns by candidates.

On the same day, the CEMC for the first time filed a complaint against independent candidate Kim Tae-u running in the Taegu district with the prosecution in regard to his reported illegal campaign.

The ruling Democratic Liberal Party (DLP) is expected to sweep all three constituencies while the main opposition Democratic Party (DP) has promised to gain at least one parliamentary seat.

The by-elections are to fill Assembly seats which became vacant following the death of two lawmakers and the conviction of one lawmaker.

Particular interest is being paid to the election in the Taegu district where Hyon Kyong-cha and Chong Chang-hwa are running neck and neck.

Hyon is the wife of Pak Chol-on who was elected from the Taegu district in the last general election and deprived of his parliamentary seat late last month in the wake of his conviction by the Supreme Court for bribery.

Pak, an in-law of former President No Tae-u and a former political foe of President Kim, has said he is the victim of political revenge by the Kim government.

Hyon, candidate of the newly-established opposition New People's Party (NPP), has vowed that she would restore her husband's "honor" by winning the election. The NPP, the successor of the United People's Party, merged with the opposition Party for New Political Reform early this month.

Hyon's rival, Chong, is a former lawmaker who has been elected three times before in Usong in North Kyongsang Province.

The election may show how Taegu voters evaluate the conviction of Pak and the reform drive being pushed by the Kim government, an analyst says.

It is said that some Taegu citizens have been displeased with the Kim government's cool attitude to the so-called TK clan which refers to those from Taegu and the surrounding North Kyongsang Province.

The group members dominated key administration, military and other public posts during the rule of former governments led by Chon Tu-hwan and No.

President Kim's anticorruption drive hit hard some corrupt politicians representing the city, including former Assembly Speaker Pak Chun-kyu and Pak Chol-on, who were leaders of the TK clan.

It is generally viewed among political analysts that the by- elections, in a political sense, will be a barometer to show how much people support the 18-month Kim government.

Daily on New Law's Effect on Aug By-Elections

SK2407042694 Seoul THE KOREA TIMES in English 24 Jul 94 p 2

[Text] "Will the three upcoming by-elections in the electoral districts of Susong-A in Taegu, Yongwol-Pyongchang in Kangwon Province, and Kyongju in Kyongsangpuk-to lay the foundation for clean and fair elections?"

That question is drawing special attention because the by- elections will be the first held under the recently revised integrated Election Law aiming to realize the nation's long-awaited task of "election reform."

Most political insiders and analysts say that the answer is yes so far, as shown by the changes in the candidates' campaigning activities and attitudes of the parties.

The most conspicuous change detected is that the headquarters of the parties are exercising restraint in helping their candidates. About a year ago the by-election in Taegu East-B and Chunchon electoral districts, the headquarters of the rival parties directed and did all the campaigning only to be criticized for heating up the election atmosphere.

Now, there is little sign of such excessive engagement. Though main opposition Democratic Party [DP] leaders are supporting party candidates, their activities are legal and different from the past.

The ruling Democratic Liberal Party [DLP] has stopped sending any ranking officials to the election districts to say nothing of campaign funds since the date for the by-elections were announced, making it clear that district chapters would handle all campaigning.

DLP secretary general Rep. Mun Chong-su even said yesterday that the party headquarters will not send any speaker to joint speech rallies.

Many people say that the disappearance of vote-buying attempts is another note-worthy change. This phenomenon is partly because the Election Law not only drastically decreases the amount of money that can be spent on campaigning but also prepares a mechanism to closely check the expenditures of candidates.

The will of the Central Election Management Committee, the nation's top election watchdog body, to crack down on all kinds of illegal electioneering is stronger now than at any other time in the past.

The DLP, which was caught buying votes in last year's Taegu East- B by-election, already promised it would play a leading role in rooting out such illegal campaign methods as exchanging vote with money despite of the possibility that it could lose the elections.

Under the policy of not sending even one penny to its candidates, the ruling party directed them to deposit their own money as campaign funds in the bank when they register their candidacy. The opposition welcomed such a move by the DLP.

Another new aspect of the Aug. 2 by-elections is that the candidates are exerting their best efforts to mobilize and take advantage of volunteers for their campaigning, thinking the election result is totally dependent on it.

This is because the new election law limits the number of paid campaign workers to one tenth of the number allowed under the old election law while lifting limits on the number of volunteers.

Accordingly, the candidates are trying to mobilize as many volunteers as they can and in some case, they are appealing to their relatives, alumni and even pupils, to say nothing of their followers.

In Yongwol-Pyongchang in Kangwon Province, DLP candidate Kim Ki-su has turned hundreds of his chapter members in volunteers and DP candidate Sin Min-sun received a promise from 13 party chapters that they will send three to eight members as volunteers.

Hyon Kyong-cha, candidate of the minor opposition New Democratic Party in Taegu Susong-A, is using 400 members of private follower groups of her husband, former Rep. Pak Chol-on.

But most of the candidates are still having problems finding volunteers because few people are used to "working for free."

The candidates are also busy holding as many as private speech rallies as possible because the new election law does not impose any limit on such meetings.

They no more mobilize audiences with money as they used to do in the past but personally visit any place where people are ready to listen their speeches. The candidates in the three areas have already had more than 20 speech rallies respectively so far.

Along with these, the use of high-tech communication equipment is also being seen during the campaigns. Independent candidate Kim Tae-u in Taegu is sending messages wooing support to 1,600 members of "Chollian" a PC [personal computer] communication network, in his electoral district through his personal computer.

The "caller units" comprising 10 to 20 female volunteers also play a great role in the Yongwol-Pyongchang electoral district which is wide in size and where houses are scattered all across the area.

President Signs Six Statutes for Legal Reforms

SK2707051494 Seoul THE KOREA TIMES in English 27 Jul 94 p 2

[Text] President Kim Yong-sam yesterday signed six statutes for promulgation, which will bring about an across-the-board reform of the judiciary for the first time in five decades.

They were five amendments to existing laws and a new law. The amendments were to the Court Organizational Act, the Administration Litigation Act, the Establishment of Courts and their Jurisdiction Act, the Act on Organization of Judges at Courts and the Salary for Judges Act.

The new law was for the appeal process.

The statutes were passed by the National Assembly last month.

The signing ceremony held at Chongwadae [presidential office] was attended by Government Legislation Minister Hwang Kil-su; Rep. Pak Hui-tae, chairman of the Judiciary-Legislation Committee of the National Assembly; and Choe Chong-yong, chief of the Court Administration Agency.

Kim said, "Following the legislation for the disclosure of public servants' assets, the introduction of the real-name financial transaction system and election campaign reform, these laws will complete the forming of the framework for the reform of state affairs across the board."

The major judiciary reforms include;—Courts will be set up in cities and counties beginning September, 1995, by transforming the existing roving courts.—Appellate courts can open branches. Accordingly, a branch court of the Kwangju District Appellate Court will be set up on Cheju Island in March, 1995.—The Civil and Criminal Courts in Seoul will be merged in March, 1995.—Persons who do not agree with punitive measures imposed by government agencies will be allowed to appeal their case directly to the court without resorting to administration procedures.—The Administrative and

Patent Tribunals will be set up in March, 1998.—Judges with seven years experience in the legal circle will be eligible to preside in courtrooms by themselves.

In addition, the reform laws include a clause declaring the independence and self-governing budget of the Supreme Court as well as one permitting the judiciary to put forth its views on draft law bills.

Prosecution To Summon Witnesses on Assassination

SK2507030794 Seoul YONHAP in English 0228 GMT 25 Jul 94

[Text] Seoul, July 25 (YONHAP)—The Seoul District Public Prosecutor's Office, investigating the army's "coup d'etat-like incident" in December 1979, will summon Tuesday [26 July] the ruling party's Rep. Ho Hwa-pyong, who served as chief secretary of the defense security commander during the incident.

The prosecution will also call in Chang Se-tong, who was commander of the 30th Presidential Security Battalion, on Friday.

A prosecution spokesman said they would be questioned about their roles in the Defense Security Command's plan to arrest then-Army Chief of Staff Gen. Chong Sung-hwa on charges of involvement in the assassination of President Pak Chong-hui, and in the so-called Kyongbok Palace gathering of army officers supporting then-Defense Security Commander Chon Tu-hwan's plan to arrest Army Chief of Staff Chong.

The prosecution will also resummon former Assemblyman Yi Hak- pong, who served as chief investigator of the Defense Security Command, to ask him if there was hard evidence supporting Army Chief of Staff Chong's involvement in the assassination.

As the questioning of those accused of having played major roles in the coup-like incident has almost been completed, the prosecution will shortly decide when and how to query former Presidents Chon Tu- hwan, No Tae-u and Choe Kyu-ha.

The spokesman said questioning the three former presidents is indispensable to shed light on the truth behind the incident. The prosecution will decide this week on the dates they should be summoned, he added.

Labor Disputes' Effect on Exports Reported

SK2307081294 Seoul YONHAP in English 0718 GMT 23 Jul 94

[Text] Seoul, July 23 (YONHAP)—Production and export setbacks due to labor disputes, including strikes, as of July 22 reached 514.5 billion won (643 million U.S. dollars) and 195 million dollars, respectively, according to the Trade, Industry and Energy Ministry. The figures show deceases of 65 percent and 43 percent from the 1,482.8 billion won and 343 million dollars, respectively, recorded a year earlier.

Of the companies with 100 or more employees, those having reached a wage agreement for this year accounted for 73 percent, up from 69 percent a year earlier, and those still on labor dispute numbered 21 against 27 a year earlier.

Hyundai Industries, Labor Fail To Solve Dispute

SK2407101194 Seoul YONHAP in English 0903 GMT 24 Jul 94

[Text] Ulsan, South Kyongsang Province, July 24 (YONHAP)—The labor and management of Hyundai Heavy Industries Co. (HHI) resumed negotiations on Sunday but failed to agree to anything.

They discussed about 23 disputed points, but the labor asked the management to reinstate the nine workers fired in relation to the dispute. The negotiators from the union declared a rupture as soon as the management refused to accept the demand.

The company management announced a lockout on last Tuesday and more than 1,000 unionized workers are staging sit-in protests at the LNG [liquefied natural gas] carrier, a Goliath crane and a Jib crane Friday. Another 6,000 workers are also rallying at the HHI yard protesting against the lockout.

The government is studying to take legal action against 25 HHI union leaders, against whom HHI management has filed a complaint with law enforcement authorities for breaking the law while staging sit-ins at an LNG carrier and large cranes, according to government sources.

Labor Disputes 'Likely To Be Settled' by Aug

SK2407041794 Seoul THE KOREA HERALD in English 24 Jul 94 p 3

[Text] Lingering labor disputes at major companies throughout the country are likely to be settled before the end of the month as most unions have begun showing a willingness to compromise.

The union of Hyundai Heavy Industries Co. (HHI), backing down from its policy of not negotiating with management during the current lockout period, agreed with management Friday [22 July] to resume wage talks unconditionally and to try and wind up the negotiations until today.

In return, the management of HHI, the country's largest shipyard in Ulsan, some 280 km southeast of Seoul, promised to consider withdrawing its lawsuit against union leaders in the event that the collective bargaining is resolved satisfactorily.

Earlier, the HHI management filed a complaint against 25 union leaders with law enforcement authorities for breaking labor dispute laws while staging a sit-in on an LNG [liquefied natural gas] carrier and on several large cranes.

On Friday, the management also filed another complaint, seeking punishment of 16 union leaders for their roles in leading HHI workers into their workplace early Thursday morning, although labor dispute laws forbid workers from entering their workplaces during a lockout period.

Labor and management at HHI, however, have decided to continue staging a sit-in and a lockout, respectively, until both sides settle the long-lasting labor dispute.

Although both sides resumed their negotiations over a wage increase and working conditions yesterday, they failed to reach a compromise. They will continue to engage in the collective bargaining today.

At Kumho & Co. in Kwangju, union workers of an auto tire manufacturer, who had been on strike for nearly a month, returned to work yesterday in compliance with their Friday decision to negotiate with management while working.

A labor dispute at Kia Motors Corp. in Kwangmyong, south of Seoul, was completely settled yesterday as 50.2 percent of union workers accepted the tentative wage increase agreement made between the union and management in a vote Friday.

The Daewoo Motor Co. union also plans to put its tentative wage agreement with management to a vote, Tuesday.

Unions at Hyundai Mipo Dockyard Co. and Hyundai Pipe Co., subsidiaries of Hyundai Business Group in Ulsan, yesterday decided to stage a one day strike followed by a return to normal work for the time being while staying negotiations with management.

Hyundai Dockyard Union Begins General Strike

SK2607123294 Seoul YONHAP in English 1143 GMT 26 Jul 94

[Text] Ulsan, July 26 (YONHAP)—As no signs were seen of early resolution of the strike at the giant Hyundai Shipyard, the union of another Hyundai firm, Hyundai Mipo Dockyard Co., went on a general strike Tuesday [26 July].

The Mipo dockyard union, which voted for a labor action last Friday, had a union session before 2,000 unionists walked out of their workshops en masse at 12 noon.

A union leader said they had in the past talked with the management while working. "But, we failed to register any progress. So, we are staging a general strike through Thursday," he said.

The union demands, among others, a 12.6 percent wage hike while the management offers 7.3 percent.

Meanwhile, the union of the Hyundai Heavy Industries Co. says it would have dialogue with the management at any time if the management offers it.

But, the management says it cannot accept any of the 19-item demand produced by the union.

The management threatens to hold the union accountable through civil and criminal actions for the financial damage resulting from what it calls "illegal strikes."

Competition Between Hyundai, Samsung Viewed

SK2407042094 Seoul THE KOREA TIMES in English 24 Jul 94 p 8

[By staff reporter Kim Chang-yong]

[Text] Hyundai and Samsung, the two leading conglomerates long in unswerving rivalry, are vying for new turf in the other's specialized fields again despite the relevant ministry's reluctance to give them the go-ahead.

Top officials are renewing Samsung's strong will to join the auto industry, while Hyundai executives are dashing to build a massive steel plant in Pusan, the very city where Samsung hopes to locate its planned company.

"The situation will change in two or three years. We will then be asked to construct an auto company," Hyon Myong-kwan, chief of executive staff to Samsung Group chairman Yi Kun-hui, said in a private function with reporters Friday.

General and presidential elections are scheduled for 1996 and 1997. Political parties are usually more inclined to public petitions from large cities and are increasingly in need of money in election years, analysts noted.

People in Pusan, the formidable power base of President Kim Yong- sam, are pressing the administration to approve their projects as part of a way to put vigor back into their city and both groups are courting his favors for their ambitious goals.

Hyon, the top strategist of the multi-billion dollar chaebol, elucidated that Korea would meet a "capital chance" to develop the auto industry into the ranks of the most competitive countries in a few years on the ground that Japan might give it up with the rising currency value and production costs.

He cited that autos, along with semi-conductors and petrochemicals, would be the most lucrative sector in the 21st century.

Samsung, largely based in consumer and service industries, established a technical tieup with Japan's Nissan Motor Co. in April and informally knocked at the door of the Trade, Industry and Energy Ministry for approval of its technical acquisition. The ministry made its refusal public even before Samsung moved officially.

Under its plan, Samsung will invest about 5 trillion won in the auto project for a yearly production of 1 million units, slightly less than the present capacity of Hyundai Motor Co.

The Hyundai Group is pushing for a 7.7 trillion won integrated steel plant capable of producing over 9 million tons annually.

"We will file our business plan for a 9.3 million ton steel plant with the ministry this week," said Yim Pyong-kyu, president of Hyundai Pipe Co. "Upon the ministry approving it, we will start construction next year and finish it by 2005 in three phases.

Hyundai Pipe is a small company by the standard of Hyundai subsidiaries with the paid-in capital of 50 billion won but it will be backed by several sister companies. Hyundai's long list of subsidiaries includes Inchon Iron & Steel Co. but the nation's largest steel consumer needs a much larger supplier for self- reliance.

When it comes to the current issues, Hyundai and Samsung seem to have buried the hatchet for now in the face of the high entry barrier erected by existing companies and the ministry advocating their interests.

"Domestic steel supply will run short by 2000," said Hyon in a similar tone which Hyundai officials have sounded in a rebuff to those at Pohang Iron and Steel Co.

But their competition in and outside the market remains strong and they react bitterly to the other's attempt to encroach on its own boundary.

Just as Hyundai is still combining its voice with Kia Motors Corp. and Daewoo Motor Co. in opposition to Samsung's bid for an auto plant, Samsung frowns at Hyundai Electronics Co.'s 1.1 billion won investment plan for 64 Mega DRAM semiconductors.

The recent auction for government shares of Korea Fertilizer & Chemicals Co., based in the Hyundai town of Ulsan, Kyongsang-namdo, was yet another typical case where the two groups rekindled their on-and-off rivalry.

"As we learned that Keumkang intended to take part in the auction, we increased our offer drastically. At least 50-60 billion won more was offered than what had been otherwise," Hyon confessed. His aide added that Hyundai might be displeased with Samsung's "invasion of its empire."

Keumkang, the producer of car glass and construction materials, is run by Hyundai Group founder Chong Chu-yong's brother.

Samsung spokesman, Executive Managing Director Yi Chae-hwan, declined the dichotomy of a friend or foe in defining relations between local groups. "Samsung and Hyundai maintain the same normal relationship as that between other groups."

However, he cast suspicious eyes to Hyundai with regard to its steel project. "It might not be a coincidence with our auto project. The timing of its announcement of the project and the location may be adroitly calculated."

There are widespread rumors that Hyundai is checking the administration from giving the green light for Samsung's auto project with its suddenly proclaimed steel project which is vexing officials both at the ministry and Samsung.

Hyundai officials denied the rumors flatly. "We (Hyundai and Samsung) are engaging in competition for our new fields of business with good will," said Yi Yong-il, Hyundai's executive managing director for public relations.

Dongbu Business Group Stresses R & D

SK2807073794 Seoul THE KOREA HERALD in English 28 Jul 94 p 8

[By staff reporter Yu Kun-ha]

[Text] During the 1980s, the Dongbu Business Group rapidly grew by acquiring or setting up one company after another. By around 1990, the group's expansion process had completed, giving it the present form.

As a result group Chairman Kim Chun-ki declared in 1990 that his role as the founder of the group had almost finished. To open a new era for professional managers, he began to refrain from intervening in management of the subsidiaries.

Group executives say that they now enjoy considerable autonomy. Kim has limited his role to making strategic group-level decisions.

At the same time, Kim told his managers to seek growth by shifting the focus of production to value-added products.

The emphasis on value-added items meant that Dongbu shifted from hypergrowth back to a normal growth pattern. This shift was inevitable as there is no new bonanza similar to the Middle East construction market of the mid-1970s to mid-1980s period.

The emphasis also meant that Dongbu subsidiaries take research and development [R&D] more seriously because without investment in R&D, value-added items cannot be created.

When it comes to R&D, Dongbu Steel stands out among the 13 group companies. With an annual production capacity of 2.6 million tons, Dongbu Steel placed third among the nine domestic electric-furnace steel companies by posting a turnover of 868.1 billion won (about $1.07 billion) last year.

In March this year, the steel company licensed its new silicon production technology to Wacker-Chemitronic of Germany, the world's leading supplier of silicon used for silicon wafer fabrication.

It was innovative for a steel firm to develop a new silicon production process—moreover, selling the technology to a top- notch German silicon producer.

"We began to work on the technology as early as 1984 jointly with the Korea Research Institute of Chemistry and Technology (KRICT)," said Han Kyong-sop, a company executive in charge of planning.

The project was partly funded by the Ministry of Science and Technology. The ministry, however, stopped providing subsidies in 1989 in the belief that the project was hopeless.

Dongbu, however, carried on and finally succeeded in completing what is now called the KRICT/Dongbu process in February this year.

The novelty of the new process is that it can produce silicon in a multi crystalline particle form, while existing methods produce silicon in a gravel-like lump.

The silicon particles can be dissolved more easily—and more economically—than the lumps. Melting is a necessary process to cast silicon bars which are later sliced into thin discs for wafer fabrication.

In addition, the new technology is capable of merging production of silicon particles and bar casting into a continuous process, allowing producers to slash costs.

Dongbu, however, had to sell the technology to the German firm because it cannot produce silicon on its own. The reason is that the raw material for silicon production, called tri-chlorosilane ($SiHCl_3$), is not available in Korea.

"If we want to produce silicon here, we have to import the raw material from abroad. The material is not expensive but the transportation cost is high because it calls for specialized containers," Han explained.

According to Han, Dongbu is searching for ways to produce multi crystalline silicon particles using other materials.

In return for providing the new silicon production process to the German firm, Dongbu received $3.84 million and is entitled to 2.5 percent of the firm's sales revenue in royalties.

The steel company has also developed the technology to produce steel powder on its own.

"With steel powder, you can produce such complex items as automobile gears with amazing ease. You just put the powder into a mold and can have an auto gear in just 20 seconds," Han said.

According to Han, a growing number of auto parts are produced this way. Korean automakers, however, use imported steel powder because it is still not mass produced here.

Dongbu is currently running a pilot plant which produces quality steel powder in small quantities. It is working hard to find the way to build a mass production line.

"Steel powder is produced by only a few advanced steelmakers in the United States, Japan and Sweden and the technology is the last thing they want to transfer," Han said.

The steel powder is a highly value-added product which can fetch 15 times more money than the scrap steel of which it is made.

Moreover, when Dongbu begins to mass produce the powder, it may be able to produce auto parts itself. A company official disclosed that the company has in fact been considering taking up the auto parts business.

The steel company is running an R&D center in the Taedok Science Town. This center will be incorporated in the large comprehensive technology institute which the group is building to promote R&D not just in metallurgy but in chemicals, bioengineering, construction and information-communications.

"The technology center will partially open next February but its final dedication is set at 2000. It is a bit too large in light of the present level of the group's R&D activities. But represents Dongbu's commitment to R&D in the future," Han said.

Dongbu Steel is also promoting construction of a mini mill in the Kodae Industrial Complex on the Western Coast. The project calls for a total of some $1 billion won to build the complex and mill.

Construction of the plant, whose planned production capacity is 2 million tons a year, will begin in 1996 for scheduled completion by 1998. "By the year 2000, the steel company's annual revenues will reach at least 2 trillion won (about $2.5 billion)," Han forecast. Given the firm's active R&D in new value-added products, the forecast sounds conservative. Maybe, that's the way the steel firm and other Dongbu subsidiaries talk about the future. Maximization of revenues, they claim, isn't the group's goal.

Daily Assesses Effects of Rise in Won's Value

SK2707052094 Seoul THE KOREA HERALD in English 27 Jul 94 p 8

[By staff reporter Kwak Yong-sop]

[Text] The Korean won rose to a 13 month record high against the U.S. dollar yesterday, continuing its strength against the greenback for the fifth consecutive day.

The basic won-dollar exchange rate was quoted at 802.60 won per dollar yesterday, down 1.30 won from the previous day. The former low was also 802.60 won, recorded June 25 last year.

The Korean won has climbed 4.70 won against the dollar since last Tuesday when it was traded at 807.30 won per dollar.

Market analysts said that the current strength of the won is not temporary but is likely to continue because the Korean government wants a strong won.

Currency traders projected the pace of the won's appreciation may gain further ground in coming months. Then, how much will the won gain in value against the dollar?

Some foreign exchange dealers predicted the won may climb against the dollar to a band of 800 to 795 won by the end of the year, while some forecast a range as low as 780 won to 790 won.

Others even said the won-dollar exchange rate may break the 800 psychological barrier earlier than anticipated, probably within this week.

A foreign exchange dealer at Korea Exchange Bank said that the won will continue to rise against the dollar throughout the second half.

The dealer projected the won may reach around 795-800 won per dollar around the year end. Another dealer at KorAm Bank forecast the won would soar to 790 to 795 won per dollar.

The current strength of the won against the dollar has taken many currency dealers by surprise because there has been no factor for the won's appreciation, given the supply-demand mechanism of the foreign exchange market.

The KorAm officials aid market positions on the two currencies have recently been neutral, meaning that there has been no excess demand for the won or vice versa.

The driving force behind the current high won is a widespread projection that the government may allow the appreciation of the won and conduct a tight monetary policy in the second half in its bid to curb rising prices, he said.

The projection was supported by recent rhetoric from top economic policy-makers, which stressed the benefits of a strong won for the Korean economy.

Minister of the Economic Planning Board Chong Chae-sok and Finance Minister Hong Chae-hyong recently emphasized that the top priority of the government's economic policy in the second half will be placed on curbing inflation.

They said that the government will take all possible measures to stem inflationary pressure such as the appreciation of the won.

A weak won means that Korean firms have to pay more for their imports, which in turn will result in driving up domestic prices.

Also cited as the reason for the rise in the won's value is the anticipated improvement of the country's current account balance and a rise in foreign capital inflow for investment in local stocks in the second half.

The inflow of foreign money is expected to rise greatly as the government plans to raise the foreign ownership ceiling of local stocks from the current 10 percent to 12 to 13 percent sometime during the second half, market watchers said.

The country's current account is also expected to post a modest surplus during the period, resulting in an increased supply of dollars to the domestic foreign exchange market, they forecast.

They expected some $6 billion may be brought in during the second half because of the two factors and the won will further rise against the dollar.

Adding fuel to the won's rise is a selling spree of dollars by local businesses and financial institutions.

They are scrambling to sell their dollar holdings in the foreign exchange market in anticipation that a further rise in the won's value will cost them money in exchange losses market sources said.

The rising won, meanwhile, is feared to hurt Korean exports as Korean products will be more expensive in overseas markets.

Daewoo Introduces Low-Emission Vehicle

SK2807080994 Seoul YONHAP in English 0654 GMT 28 Jul 94

[Text] Seoul, July 28 (YONHAP)—Daewoo Motor Co. announced the development of a natural gas vehicle [NGV] which meets the world's strictest standards for exhaust emissions while offering a solid driving performance and economic viability.

The "Daewoo NGV II" was developed as one of the government's G-7 projects with an investment of 2.1 billion won over one year and seven months, according to a Daewoo spokesman. The company developed the "Daewoo NGV I" in December 1991.

The Daewoo NGV II, modeled after the 1,600-cc [cubic centimeter] Espero, runs solely on natural gas while the Daewoo NGV I, patterned after the 2,000-cc prince, is powered by liquefied petroleum gas as well as compressed natural gas, the spokesman said.

The new model boasts improved engine capability and reduced exhaust emissions due to its multi-point gas injector system, while the old model uses both the mixer and the injection systems, he said.

The Daewoo NGV II, developed solely with Daewoo technology, can cover 400 km at a maximum speed of 170 km per hour on a one-time charge. The new model could be put on the market anytime because its driving performance and other capabilities match gasoline-powered cars.

Furthermore, the new natural gas vehicle costs only about 1 million won more than the ordinary gasoline model and the price of natural gas is only about one-third that of gasoline, enhancing its economic viability. The price of an electric car, meanwhile, is three times that of a gasoline-powered auto.

The new model also satisfies the requirements of the "ultra-low emission vehicle," the world's strictest car exhaust emission standards, of California, the United States.

The new model can reduce total emissions by more than half with 89 percent fewer hydrocarbons, 31 percent less carbon monoxide and 16 percent less nitrogen than gasoline vehicles, according to the spokesman.

Daewoo plans to start marketing the natural gas vehicles in 1997 when the nation's gas distribution network is completed, said the spokesman, who added that the company will also make inroads into the American market around that time.

The company is considering exporting the Daewoo NGV IIs to Canada, Russia, Argentina and Australia, where natural gas vehicles are already operated, in 1995 when it expects the new natural gas model to obtain quality approval and pass durability tests.

Ministry: Crop Drought Damage Increasing Sharply

SK2507014394 Seoul YONHAP in English 0115 GMT 25 Jul 94

[Text] Seoul, July 25 (YONHAP)—As the dry spell continued for the 24th day in a row Sunday [24 July], drought damage to crops increased sharply.

Rice paddies hit by the drought reached 126,584 hectares across South Korea Sunday, 11.4 percent of the total area of rice fields under cultivation and up 18,166 hectares from Saturday, according to the Agriculture, Forestry and Fisheries Ministry.

Paddies with dried-up irrigation ditches grew to 87,456 hectares, those completely dried up to 37,866 hectares and those with dead rice plants to 1,262 hectares.

Hardest hit was South Cholla Province, with 55,222 hectares damaged (28.9 percent of the total area of paddy fields under cultivation in the province), followed by South Kyongsang with 37,050 hectares (28.5 percent) and North Cholla with 30,747 hectares (18.7 percent).

Fueling concern is the fact that the damage is spreading from rain-dependent paddies to irrigated fields, ministry officials said.

The area of dry farmland hit by the drought also increased 10,600 hectares to 61,000 hectares on Sunday, 7.7 percent of the total area of dry farmland under cultivation.

Water contained in the nation's reservoirs averaged 35 percent of total capacity Sunday, compared with a normal 75 percent. Dried-up reservoirs numbered 6,151, 34.4 percent of the total reservoirs in the country.

The number of livestock killed by the dry weather increased by 89,000 head from Saturday to 617,000 head. Fish farms also witnessed the death of 159 tons of fish.

Further dashing the hopes of farmers, Typhoon Walt is expected to die out before bringing much-needed rain to the country, weathermen said.

Yi Appeals to People About Antidrought Campaign

SK2607030994 Seoul YONHAP in English 0246 GMT 26 Jul 94

[Text] Seoul, July 26 (YONHAP)—Prime Minister Yi Yong-tok called on the people Tuesday to join a pan-national campaign to overcome the drought that has ravaged the country this summer.

"We cannot be separate in overcoming the dry spell and now is the time for all of us to bring our hearts and strength together," said the premier in a statement released Tuesday morning at his office.

In the statement, Yi asked South Koreans to support the movement offering help to drought-stricken areas in the form of water-pumping equipment and vehicles: To save electricity by not using air conditioning and heavy power-consuming devices: To reduce water consumption by 10 percent: And to eat fewer vegetables and greens.

"A pan-national drought-overcoming measures committee will be organized to comprise all walks of life including economic circles and the media," he revealed. The committee will not only adopt short-term anti-drought measures but also prepare long-term and basic strategies against future natural calamities.

Yi also disclosed that the government will adjust its investment programs to secure a stable water supply in the rural and fishing regions of the nation.

The projected anti-drought committee will be born on Wednesday with 20 to 30 founding members representing various sectors.

Saying the unprecedented drought and heat are expected to continue for the time being, the premier appealed to the people to overcome the natural calamity with united strength and spirit.

Prime Minister Forms Antidrought Committee

SK2707040494 Seoul YONHAP in English 0226 GMT 27 Jul 94

[Text] Seoul, July 27 (YONHAP)—The South Korean Government Wednesday inaugurated an Anti-Drought

Measures Committee in an effort to counter the drought that has ravaged the country for over 20 consecutive days.

Chaired by Prime Minister Yi Yong-tok, the 32-person measures committee consists of concerned cabinet members and representatives from all walks of life, including the business community and the media.

At its first meeting Wednesday afternoon, the committee will identify drought-stricken areas even as the dry spell was relieved in some areas by rain Tuesday, and discuss short- and long-term measures for coping with the drought.

The committee's operating formula, released by the prime minister's office Wednesday, calls for sending drought-fighting equipment such as pumps and vehicles to affected areas, conserving electricity by not using air conditioners and other electric appliances that consume much power, and reducing water consumption by 10 percent.

Also envisaged in the formula is an improved water supply system covering agricultural, industrial and household uses.

Rain Provides Drought Relief in Southern Areas

SK2707075594 Seoul YONHAP in English 0654 GMT 27 Jul 94

[Text] Seoul, July 27 (YONHAP)—The rain that fell along the southern and southeastern coasts on Tuesday and Wednesday has greatly relieved the drought in these areas.

The Agriculture, Forestry and Fisheries Ministry said the total drought-hit area under cultivation had fallen 23.4 percent to 153,793 hectares across the country as of Wednesday morning from 200,686 hectares Monday.

The area of rice paddies fell 16.5 percent to 114,294 hectares and that of dry fields 38.1 percent to 24,348 hectares.

Ministry officials said precipitation in some areas of Kyongsang and Cholla Provinces was sufficient to allow farmland there to endure two to three weeks of dry weather.

As more rain is expected in the Cholla region toward month's end and across the nation in early August, the area of drought-relieved farmland will increase, they added.

In South Kyongsang Province, which witnessed the highest precipitation, drought-stricken farmland declined 73.5 percent from Monday to 13,222 hectares Wednesday, with rice paddies falling 72.2 percent and dry fields 78.7 percent.

South Cholla Province registered a 12.3-percent decrease—to 85,723 hectares—in drought-hit farmland Wednesday, with the area of dry fields decreasing 41 percent but the area of rice paddies increasing 0.6 percent. In North Cholla, however, drought-affected farmland increased 4. 6 percent to 41,164 hectares, with paddies climbing 8.8 percent but dry fields dropping 25.5 percent.

North Kyongsang Province recorded a 55.6-percent fall to 978 hectares in drought-hit farmland, with paddies declining 50.2 percent and dry fields 65.5 percent.

Possible Economic Effects of Drought Assessed

SK2707051594 Seoul THE KOREA HERALD in English 27 Jul 94 p 8

[Text] The record-breaking heat and prolonged drought accompanying it have begun to take a heavy toll on some sectors of Korea's economy.

It may be too early to tell, say some government and private analysts here, but the tropical weather now gripping the country, if it continues for another two weeks, may put a dent in the otherwise robust economic growth of this year.

Needless to say, hardest hit will be the nation's farmers.

Already, 136,800 ha of rice padddies, or 12.3 percent of the total, and 63,800 ha of non-rice fields, 8.2 percent, have dried up as they have had 400 mm less rainfall than last year, according to a tally released by the Economic Planning Board yesterday.

The water reservoir at major dams remain at record-low levels, it said, adding that if rain fails to fall by Aug. 10, the rice crop is estimated to fall far short of the initial projection of 35 million "som" (one som equals 144 kg).

Also suffering from reduced output will be major vegetable products, including white cabbage and radish, which are traded at prices two to three times higher than 15 days ago.

Possible price surges in these staple grain and key vegetables are sending danger signals for overall price stability, as they have often led to inflationary spirals.

The month-long drought has also dealt a crippling blow to the nation's major industrial areas by causing a severe shortage of industrial waters, government officials said.

If the current dry spell continues until the end of this month, industrial zones in the southern provinces of Cholla and Kyongsang will likely face operational suspension or curtailment, they said.

Additional blows on industrial production will come from possible power failure as the nation's power reserve ratio is nearing the dangerously low 3 percent level, they said.

Emerging from an emergency meeting Monday, Vice Economic Planning Minister Han Li-hon hinted for the first time at the need for restricted power and water transmissions in some areas.

So far, there are little problems in water supply for hydroelectric plants but this will no longer be so if the rain does not come within the first 10 days of next month, Han said.

Dongguk Steel Manufacturing Co., which uses electric furnaces to turn out pig iron, yesterday suspended operation, due to lack of electricity.

Based on past data, the reduced rice crop is expected to reduce the nation's economic growth by up to 0.3 percent, which, added to similar damage in vegetable and non-rice farm products, will slow the growth further, private analysts said.

The dwindling water and low power supply are also expected to combine to cause operational difficulties for major industrial plants. Major forecasting organizations have recently revised upward Korea's economic growth for 1994 at between 7.3 percent and 8 percent.

There is a sunny side to industry from the sizzling and dry weather, though. Major beneficiaries this summer are refrigerator and air conditioner manufacturers and cold beverages such as beer, which are enjoying booming sales, industry sources said.

Burma

Kayan Insurgents Return to Legal Fold

BK2707150994 Rangoon Radio Burma in Burmese 1330 GMT 26 Jul 94

[Excerpts] A ceremony was held at 0800 this morning in the town hall of Loikaw to mark the return of the Kayan New Land Party [KNLP], which has given up its policy of armed struggle, to the legal fold. The ceremony also marked the cooperation between the KNLP and the government in regional development. The ceremony was attended by Lt. Gen. Khin Nyunt, chairman of the Work Committee for Development of Border Regions and National Races [WCDBRNR] and secretary-1 of the State Law and Order Restoration Council [SLORC]; Lt. Gen. Maung Thint, minister for progress of border regions and national races and development affairs; Vice Admiral Than Nyunt, minister of Health; Lt. Gen. Thein Win, minister of transport; U Khin Maung Thein, minister of energy; U Khin Maung Yin, minister of construction; Major General Saw Tun, chairman of Shan State Law and Order Restoration Council; Brigadier General Maung Kyi, chairman of Kayah State Law and Order Restoration Council and regional commander; Colonel Kyi Maung, deputy minister of education; U Thein Sein, deputy minister of informatin; Col. Tin Hlaing, deputy minister of home affairs; U Kyaw Tin, deputy minister of agriculture; Lieutenant Colonel Khin Nyein, director general of the Office of SLORC; senior departmental officials; members of law and order restoration councils from Kayah State, districts, and townships; departmental personnel; GUARDIAN U Sein Win, chairman of the Foreign Correspondents Club of Myanmar [Burma] and U Hla Soe, secretary; members of the Union Solidarity and Development Association [USDA]; senior priests from various Christian sects; U Tun Kyaw and members of the Karenni National Peoples Liberation Front; KNLP leader U Than Soe Naing and soldiers; local people; and invited guests.

Speaking at the ceremony, Brigadier General Maung Kyi chairman of the Kayah State Law and Order Restoration Council and regional commander, said today is an auspicious day for the Shan State and the Kayah State as well as the nation. This is because it marks the return to the legal fold of the KNLP, which has given up its armed struggle policy to cooperate with the government in regional projects. Elaborating on the KNLP's return, Brig. Gen. Maung Kyim recalled that SLORC Secretary-1 Lt. Gen. Khin Nyunt and ministers visited Loikaw in Kayah State on 17 November 1993, Bawlake on 18 November, and Pekin village, Kayan region, on 8 May 1994. He said that during those trips the secretary-1 had urged the armed groups in the jungle to give up the policy of armed struggle and to return to the legal fold to cooperate with the government in regional development and urged the local people to make joint efforts.

Brig. Gen. Maung Kyi explained that after realizing the genuine goodwill of the SLORC, the KNLP held many rounds of talks based on mutual friendship, respect, and trust and that, as a result, the ray of peace has begun to appear in the region. [passage omitted]

He said the strife among the fraternal people was caused by differences over belief, race, or external instigation and that many lives, blood, and tears had been lost in the battles. The government has been patiently working to obtain peace in order to prevent further losses. He said the entire nation should give priority to achieving national reconciliation —a national duty bestowed by history. He said that is why the government is giving priority to this matter.

Continuing, Brig. Gen. Maung Kyi said the Defense Services would forever uphold the three cardinal causes [nondisintegration of the Union; nondisintegration of national unity; perpetuation of national sovereignty] anywhere and anytime. He said although the situation in Myanmar [Burma] today is heading toward stability and progress, there should be awareness about the threat from internal traitors and external neocolonialists.

He said the Loimaw opium smuggling group, which is engaged in smuggling of drugs which threaten all humanity, is committing atrocities against innocent civilians and affecting peace and tranquility in the country. He said the Defense Services shall continue to fight against the Loimaw opium smuggling group until victory is achieved. He said the departmental personnel, people, and KNLP should cooperate with the Defense Services to prevent the opium smugglers from taking refuge in our Kayah State. He said we will be contributing to international human rights by saving the nation and the entire world from the danger posed by drugs by totally eradicating the opium smuggling groups. [passage omitted]

Next, U Than Soe Naing, leader of the KNLP, presented the list of members who have returned to legal fold to the regional commander of Loikaw, Brig. Gen. Maung Kyi. Speaking at the ceremony, he said starting from today the KNLP would participate in regional development within the framework of law in cooperation with the SLORC. [passage omitted on Kayan culture and history]

He said the Kayan nationals will not secede from the Union and will oppose any secessionist movement. He said the policy of KNLP concurs with SLORC's three cardinal causes and that it believes that the strength of the nation lies within itself. He explained that the KNLP accepted the SLORC's offer and held talks because it believed that the Kayan nationals would certainly benefit through cooperation with SLORC and would obtain international prestige and contribute toward the establishment of a modern nation. [passage omitted]

After the ceremony ended, Lt. Gen. Khin Nyunt, held a meeting with KNLP leaders at 0900 in the conference hall of the regional command in Loikaw and discussed regional development. Speaking at the ceremony, Lt. Gen. Khin Nyunt described today as an auspicious day that has brought another ray of peace for Kayah State, referring to it as an achievement of SLORC's efforts for national reconciliation among national races. He also contributed to the cooperation between the government, the national races, and members of religious orders.

He said armed conflict resulting from differences over beliefs has been going on in the Union of Myanmar [Burma] for over 40 years and that the time has now come to establish a modern state. He explained that the peace offer was made to enable all national races, including armed groups in the jungles, to participate in national construction tasks in unity.

He said the SLORC warmly welcomed the return to the legal fold by KNLP members led by U Than Soe Naing who realized the government's genuine goodwill. He instructed responsible officials to make arrangements for the living needs and rehabilitation of KNLP members. He then urged the KNLP leaders to discuss their needs in working toward the perpetuation of the Union, national unity, and reginal development. [passage omitted)

The meeting ended after the secretary-1 presented souvenirs to the KNLP members led by leader U Than Soe Naing. [passage omitted]

Commander in Chief on Officer's Training

94SE0175A Rangoon THE NEW LIGHT OF MYANMAR in English 18 Jun 94 pp 12,2

[Text] [Excerpt] General Maung Aye, on behalf of the Commander-in-Chief of the Defence Services, said it is necessary for the junior officers of the Tatmadaw to become good leaders who possess both physical and mental abilities. He spoke of the need for them to continue to study and make efforts to become leaders who could give effective and correct leadership.

He said one cannot become a leader by merely being called a leader, but only through constant training. In leading others, a good leader must be duty-conscious, willing to take responsibility, eager to work and be quick-witted. They must also be brave and valiant and possess a spirit of sacrifice and never yield despite the odds. He said they have been trained to become valiant and daring, ready to make sacrifices, to keep a clear mind and be brave enough to shoulder their duties.

The General said they have also been trained to be brave, possess combat skills,constantly train hard in order to become bold enough to lead others, study and learn and be able to keep abreast with the times and perceive events in accordance with developing and changing situations.

He said the Tatmadaw is a patriotic Tatmadaw which was born together with the struggle for independence and of the people. He said from its very inception, the Tatmadaw was born to protect and safe-guard the life and property of the people and to serve their interest. The Tatmadaw has a fine tradition of serving the interest of the people and placing in high esteem the will to serve their interest. This has been so since the time it was born and continues to be now, and is known to shoulder the historic duty bestowed on it without wavering in whatever tasks it has to perform. He said the Tatmadaw is one with the people and is shouldering the duties of the State together with the people.

Continuing, he said they should try to learn the fine traditions of the Tatmadaw and to safeguard them as their life. They must also undergo self-training to become persons of good moral character and to be able to do the 60 military codes of conduct have been prescribed. To become good Tatmadawmen, they must abide by the military codes of conduct.

He said if the history of the Tatmadaw is reviewed, it will be seen that the Tatmadaw has ably repelled all dangers that threatened the nation at all times at the risk of life. He said throughout the history, the Tatmadaw is known to have worked hand in hand with the people and in the mammoth national task of winning the nation its independence and to prevent it from being lost again.

He recounted that in 1948 and 1949, there arose armed resistance due to racialism and difference in policies throughout the country just after the country regained its independence and it was the Tatmadaw, with a handful of battalions, fought hard and sacrificed many lives to defend and safe-guard independence. In 1958 also, the political party in power split in two and intense rivalry and conflicts broke loose and brought the Union to the verge of total disintegration. The Tatmadaw, with broadmindedness mediated between them and brought the situation under control till 1960 when general election was held and brought the country back on the path of multiparty democracy, he said.

In 1962, there came about federalism which nearly caused the Union to disintegrate and to undermine Our Three Main National Causes, setting up the national races against each other and antagonism grew among them and was about to explode had not the Tatmadaw stepped in to save the situation and put things right, he said.

He said as for the situation in 1988, as they are already aware, the country was on the verge of total disintegration when the Tatmadaw again had to step in to redeem the country. He said it was caused by some foreign radio stations which spread fabrications and instigated the people with concoctions and the underground and aboveground destructive elements incited the people using force and lawlessness and anarchy reigned the country and people were decapitated in broad daylight at road junctions, mills, factories, and work establishments were destroyed and the flames of atrocity nearly engulfed the entire country. The Tatmadaw, bestowed with its historical duty took over the powers of the State on 18 September 1988 and saved the country again, he said.

He said, besides its original duty of defending and safe-guarding the country, the duty befell on the Tatmadaw to make the country stable again, and in addition, to make it a prosperous and modern State. He said efforts are made for the emergence of the multiparty democratic State, which the people aspire for, by affecting changes in political, economic and social aspects and now considerable development and progress has been achieved in the country as can be seen.

He spoke of the present implementation of two main tasks for the nation to emerge peaceful, modern and prosperous-"national reconciliation" and emergence of a new, enduring Constitution.

Concerning national reconciliation, he spoke of the more than 40-year internal strife in the post-independence period, 11 armed groups which have returned to the legal fold and are participating in the services for the development of border areas and national races and the magnanimity of the State extending welcome hand to the remaining groups, saying the Government lays stress on the matter of national peace, not that it is politically in a strait.

He also spoke of the endeavours for the emergence of a new Constitution with the participation of the delegates groups to the National Convention - political parties, workers, peasants, intellectuals and intelligentsia and other strata of mass and class.

In the economic sector, he said the State has laid down short- and long-term plans and designated 1992-93 and 1993-94 Economic Years under the short-term plan and the third year, 1994-95, the "Year for All-round Development" with firm economic ground gained from the two previous years.

He called on the new officers to take part with might and main in any role they are in, nation building, political and economic.

He reminded them to constantly be vigilant against internal and external saboteurs who do not bear to see endeavours being made for national progress and stressed the need for the Tatmadaw to be always strong and capable. If the Tatmadaw, he said, is good on training, administration and building up of morale, its members will come to possess five qualities-morale, discipline, loyalty, consolidation and three capabilities.

The Deputy Commander-in-Chief emphasized the utmost importance of Our Three Main National Causes—non-disintegration of the Union, non-disintegration of national consolidation and perpetuation of sovereignty, which are to be upheld as a national duty and aim.

To be able to carry out the Three Main National Causes, the Tatmadawmen are to strive to strengthen three capabilities for which ten strengths are prerequisites, based on the four oaths, morale and discipline, he said, reminding them that it is their programme of work.

He pointed out the need for the Tatmadaw officers under the present condition to have not only military consciousness but also political, economic and administrative awareness and said only then will they become brilliant leaders.[passage omitted]

Editorial Discusses National Development

94SE0176A Rangoon THE NEW LIGHT OF MYANMAR in English 19 Jun 94 p 6

[Text] What is crucial to development is the might of the people through-out the Union as our objective cannot be properly addressed without the involvement of all who have a stake in overall development.

That is why the leadership, either collectively or individually, have been on inspection tours to ensure that plans are being implemented as designed.

We have known through experience that plans drawn up as blueprint may sometimes encounter difficulties when it comes to actual implementation. What is to be done is thought up, and remains as imagination till it is put down in black and white. Those concerned sit down and discuss how the plans or projects that take shape are to be implemented.

After careful deliberation and poring over the pros and cons, after obtaining a consensus as to what is to be done, the planning stage is over and the implementation stage begins.

More often than not, the paperwork that is initially done is not sufficient to cover all aspects of the work to be undertaken. The finer points have also to be worked out before full implementation gets under way.

Proper assessment and review has also to be made when implementation is in progress.

Our leaders like to make field trips to see for themselves how things go, in agriculture, in education, in social undertakings, and other aspects of national endeavour. Inspection thus made is productive in the sense that those at the lower levels find it convenient to put up their requirements and for the leaders to look into them immediately.

The Chairman of the State Law and Order Restoration Council and the Vice-Chairman on down to other responsible officials have toured the length and breadth of the country, studying and inspecting how the tasks assigned to those concerned are being undertaken.

What is important is that there is considerable rapport between those who govern, who oversee national development and those who are practically involved in the various aspects of rounding off the rough edges in implementation.

The public is appreciative of such visits as the leaders make to their places, for it is more than encouragement that they feel. Such assimilation helps boost morale, which in turn generates more intense desire to cooperate in the spirit of oneness.

For national development, the nation, in entirety, gets involved. This involvement is the driving force behind endeavors for achievement.

Government's Plan for Telecommunications

94SE0176B Rangoon THE NEW LIGHT OF MYANMAR in English 17 Jun 94 pp 1,6

[Text] Yangon, 16 June—Minister for Communications, Posts and Telegraphs U Soe Tha today held talks on installation of radio telephone in Maubin, Ayeyarwady Division, and inspected communications facilities.

The minister, accompanied by personnel of the Department of Meteorology and Hydrology, this morning explained the plan for installing 700-line radio telephone in Maubin.

Speaking to Maubin District and Township heads of department, he said plans are under way for improving communications throughout the country including Ayeyarwady Division. At the assumption of State responsibilities by the State Law and Order Restoration Council, he said, there were over 250 telephone exchanges and over 67,000 telephones compared to over 400 telephone exchanges and over 120,000 telephones at present. Auto-telephone systems have replaced dialing systems, he said. As tasks have been carried out with people's funds in addition to State funds, there has been speedy progress in carrying out tasks.

In Ayeyarwady Division, he said, auto-telephone systems are installed in Pathein and Hinthada. The division being the hub of business activity, there should be good communications facilities, he added.

The minister disclosed that contracts have been signed for the purchase of modern communications equipment for Maubin and nearby townships. He further stated that the facility will be available not only to the townships but also to villages. Telephones will be installed during the current fiscal year, he said. Myana Posts and Communications, local organizations and the public are to cooperate, he added. The minister also disclosed that it is planned to install auto-telephone systems in some other townships. He called on the departments concerned to make concerted efforts during the current year which is designated Allround Development Year.

Personnel of Maubin, Nyaungdon, Danubyu and Pantanaw Townships, presented communications situations in their respective townships and pledged their full participation in installing modern auto-telephone system.

The minister then inspected the Maubin telephone exchange and the site for installation of radio telephone there. He also inspected the post office and attended to the requirements before returning to Yangon in the afternoon.

Brunei, Malaysia & Singapore

Malaysia

SRV Envoy Outlines Growing Foreign Investment

BK2707124994 Kuala Lumpur NEW STRAITS TIMES in English 26 Jul 94 p 16

[By Elaine Jeyakumar]

[Text] Malaysia's investment in Vietnam for the first six months of the year was RM [Malaysian ringgit] 1.32 billion, a substantial jump from the RM800.9 million invested for the whole of last year when Malaysia was the seventh largest investor there.

Vietnamese Ambassador to Malaysia Ngo Tat To said this was due to the extensions of the project periods offered by the Vietnamese Government to between 5 and 70 years from the previous 30-year term.

Speaking at the Pudu Rotary Club luncheon meeting at the Holiday Inn on the Park yesterday, he said that with the extension of the project periods more applications had been received and approved.

Ngo said Malaysian investments in Vietnam which was actively preparing to become a member of ASEAN were increasing yearly.

The RM1.32 billion Malaysian investment comprises 26 projects, the largest of which is in the oil and gas industry undertaken by Petronas and textile manufacturing operations by Hua Lon Corporation (M [Malaysia]) Sdn. Bhd. [Private Limited].

Other large areas include food processing and tin mining operations. Sapura Holdings Sdn. Bhd., the Renong Group of Companies, and Faber Group Bhd are some of the larger holding companies with an investment stake in Vietnam.

South-South Corporation (Massacorp), the investment arm of Malaysian South-South Association (Massa) also has a joint venture with the People's Committee of Quangnam-Danang Province for the Economic Processing Zone (EPZ) in Danang.

Trade figures between the two countries reached RM592.8 million last year.

Accepted as a member of the Pacific Economic Cooperation Council (PECC) last month, Vietnam now has 454 heavy industry projects undertaken by foreign investors and 407 investments in the services sector.

Taiwan is the largest investor with U.S. $1.529 billion (RM3.975 billion) as at December last year, followed by

Hong Kong and France with investments of U.S. $1.273 billion and U.S. $545 million respectively.

Ngo said investment attractions in Vietnam now include the change in the land laws which enable land to be transferred from the government to individual and foreign investors.

Previously, all land was wholly-owned by the Vietnamese Government.

Under the recently-introduced build transfer (BT) scheme, investors who pump in capital for projects in Vietnam will eventually transfer the entire completed project to the government in return for land of equivalent value.

Foreign investors can also invest under the build-operate-transfer (BOT) scheme.

The looser financial structure which enables foreign investors to open accounts with Vietnamese banks, joint-venture banks, or branches of foreign banks in Vietnam is also an added incentive.

All these attractions are listed under the 1993 amendment to the Foreign Investment Law, which has since resulted in the approval of more than 798 projects worth U.S. $8.5 billion.

Ngo said further restructuring to attract investment would include efforts to improve the market mechanism, restructuring of the state enterprising sector, development of an open economy, and the further development of the country's legal system to create more favourable conditions for national development.

He said Vietnam needed a great deal of capital, technology, and business and management expertise.

"We are keen on investors offering infrastructure projects, high technology, agriculture, and food processing."

The country, which is expanding its rubber plantations, is finalising a deal with Malaysian firm Seal Incorporated Bhd. to plant 180,OOO ha [hectares] of rubber trees in the Gia Lai province and to subsequently set up a rubberwood processing factory.

Petronas Reports Oil Discovery Offshore Vietnam

BK2707114394 Kuala Lumpur BERNAMA in English 0806 GMT 27 Jul 94

[Text] Kuala Lumpur, July 27 (OANA/BERNAMA)—Petronas Carigali (Vietnam) Sdn Bhd [National Petroleum Corporation (Vietnam) Private Limited] has struck oil in its third exploratory well Ruby-1, in Vietnam, Petronas, the national oil company, announced in a statement Wednesday.

The Ruby Prospect, located in the Mekong basin and in Block 01, offshore Vietnam, is situated about 155 kilometres east of Vung Tau and 78 km Northeast of the producing field, Bach Ho oil field.

The Ruby-1 well was spudded on April 30, 1994 and drilled to a final depth of 3,108 metres subsea and encountered numerous zones with good oil shows.

The statement said the production sharing contract for blocks 01 and 02 was signed with Petrovietnam, in September 1991.

Petronas Carigali Vietnam, a wholly owned subsidiary of Petronas is the sole contractor in the blocks and has to date acquired 9,810 km of 2-D seismic data and drilled three wildcat wells in the blocks, that is Jade-1, Sapphire-1 and Ruby-1.

However, results of drilling of Jade-1 and Sapphire-1 were not favourable, the statement added.

Police Detain People for Al-Arqam Leaflets

BK2707122594 Kuala Lumpur Radio Malaysia Network in Malay 0800 GMT 27 Jul 94

[Text] Police detained 41 people in several Malaysian states over the past week for distributing leaflets believed to have been published by the Al-Arqam movement.

Inspector General of Police Tan Sri Abdul Rahim Noor said the leaflets contradict provisions in the printing press and publications act. He had earlier seen off Indonesian police chief Police General Banurusman Astrosumitro at the Kuala Lumpur airport in Subang.

Abdul Rahim said earlier warnings about the leaflets seem to have been ignored. He added that police will investigate the middle leaders of the group believed to be behind the distribution of the leaflets.

Cambodia

KR Attack Train; Nine Killed; 200 Detained

BK2707151594 Hong Kong AFP in English 1430 GMT 27 Jul 94

[Text] Phnom Penh, July 27 (AFP)—Nine people were killed and scores injured when Khmer Rouge [KR] guerrillas attacked a train in southern Cambodia, taking more than 200 passengers, including three foreigners, captive, a top railway official said Wednesday.

Rebels detonated two mines, one under the train's engine and the other under the last carriage, around 2PM Tuesday as it passed through the Kompong Trach district of Kampot province, about 130 kilometers (81 miles) south of Phnom Penh, the director of the state railway, Pich Kimsreang, said.

"After the mine explosion, the Khmer Rouge started firing heavily at the train," the director said.

Five civilians, two soldiers and two train militia were killed in the ambush and many others were wounded in the raid on the train which was travelling from the capital to the town of Kampot, he said.

The guerrillas then boarded the train and robbed passengers of their belongings, before marching more than 200 passengers—including three foreigners—off into the nearby jungle around Phnom Voar, he said.

The guerrillas later allowed the passengers from the Kampot area to go free, but were still holding scores of others from Phnom Penh along with the three foreigners, he said.

Pich Kimsreang said he believed the foreigners were westerners, but was not aware of their nationalities.

Three Westerners Detained

BK2807064094 Hong Kong AFP in English 0624 GMT 28 Jul 94

[By Kevin Barrington]

[Excerpt] Phnom Penh, July 28 (AFP)—Three Westerners and a large group of Cambodian men were in Khmer Rouge hands on Thursday, after the guerrillas attacked a train in one of the worst acts of banditry since the UN-sponsored elections 14 months ago, the director of the state railway said.

Nine people were killed and many were injured, when around 50 Khmer Rouge detonated two mines under the train and then opened fire as it passed through Kompong Trach district, about 130 kilometers (81 miles) south of Phnom Penh, director Pich Kimsreang said.

The guerrillas boarded the train, robbed the passengers and then marched some 200 people off into the bush, he said.

The incident happened at 2:00 P.M. on Tuesday, but the region is so remote and communications are so poor that the news only broke late Wednesday.

People from the local province of Kampot were allowed to leave and the guerrillas later released the women they were holding, Pich Kimsreang said, adding that a "large group" of men and three westerners were still being held.

"I don't know their nationalities but they might be French," he said.

A French Embassy official said he was aware of the attack but could not confirm whether three foreigners were missing or whether they were French.

Some of those released said the guerrillas told them they were holding the westerners because the Khmer Rouge were angry with Western countries for providing military aid to the government, the director said.

"I am worried about this so, I will communicate with the Ministry of Defence and the Ministry of the Interior for assistance to get the foreigners' and the other people released," he said. "If the foreigners are not released it will give the railway a bad reputation." There were no details on what measures the police and Army in Kampot were taking to try and free the detained people.

Trains running from the capital to the southern port town of Sihanoukville have been ambushed in Kampot Province several times but this was the bloodiest attack this year. [passage omitted on history of Khmer Rouge attacks, previous kidnappings]

Australian Remarks Reportedly Irk Government

BK2807075794 Phnom Penh CAMBODIA TIMES in English 24-30 Jul 94 pp 1, 2

[By M.H. Tee]

[Text] Phnom Penh—Premature comments by the Australian foreign minister on the fate of the three Westerners kidnapped by the Khmer Rouge, has reportedly irked Royal Government officials.

"The Australian comments were premature and have hampered our investigations. It has also put the Royal Government under undue pressure from media attention as it attempts to resolve the "mystery of the Westerners," a senior government official said.

Two Western women and a man who were kidnapped by the Khmer Rouge on April 11, have been murdered by guerrillas less than a week after their capture.

The CAMBODIA TIMES has learned through reliable government securities officials that Australian Kellie Wikinson, 24, and her two British companions, Dominic Chappel, 25 and Tina Dominy, 24, were taken away into the jungles in the Crocodile Mountain Range by three guerrillas who later returned and told villagers of the captives' departure.

The security officials who spoke to the CAMBODIA TIMES on condition of anonymity, were involved in the investigations to the point of negotiations with the Khmer Rouge through radio and other means of contact.

Villagers at Than Ni have seen the captives being led into the jungles on the fourth day of their capture. Than Ni is about five kilometres from Highway 4 which leads from Phnom Penh to the port city of Sihanoukville."

"No shots were heard and there is a strong possibility that the two women and a man were executed Khmer Rouge style. They were made to dig their own common grave before being beaten at the back of their head," he said.

Wikinson, a model, and Chappel and Dominy were taken hostage by the guerrillas at an illegal road block about 130 kilometres from Sihanoukville. They were returning to a restaurant ran by Wikinson and Chappel in a taxi.

It was learnt that the three captives had allegedly claimed to be journalists upon their stoppage at the roadblock.

This apparently led to their capture and subsequent deaths although it could not be confirmed.

The Khmer Rouge are members of the 26th Regiment commandeered by General Sam Ho and assisted by his two brothers-in-law Piep and Cheng who were also responsible for the execution. He commands between 70 and 100 guerrillas.

"The guerrillas had in their negotiations demanded a ransom of US$15,000 for the skeletal remains of the three dead captives and their remains are being hidden by Piep and Cheng with the hope of collecting the ransom within six months."

"After which, the remain will either be left behind where they are or put in a place where it can be collected by villagers."

A senior government official, who declined to be quoted, said that the Royal Government was prepared to resort to financial means to secure the three captives' release once all other avenues failed.

"However, pressure from the Australian Foreign Ministry, who said that the Royal Government should not bow to terrorism and their demands, contributed to the Government backing down. Despite this, financial solutions were never ruled out.'

"The Khmer Rouge, despite having killed the three captives, continued on an elaborate and sickening charade of leaking information to the villagers of their captives, continued on an elaborate and sickening charade of leaking information to the villagers of their captives being seen in certain areas and that they were suffering from medical ailments," he said.

Ransom demands of between US$50,000 and US$150,000 were reportedly made and skeletal remains and suspected pieces of clothings have also been sent to England for forensic tests.

"These are mainly teeth, hair, pieces of torn clothings and personal items. However, there is no proof that the remains and clothing belonged to the three captives. There is also a possibility of the Khmer Rouge releasing these pieces of clothings and other skeletal remains to draw the heat off investigations."

The Government official said that initial Khmer Rouge demands for a senior government official to meet them at their base (KR) to negotiate were turned down, for fear of providing the guerillas with more captives.

"Alternate means such as ICOM and telephones was used to negotiate. An offer by First Prime Minister Prince Norodom Ranariddh for a government official to meet the Khmer Rouge in a neutral place was also rejected by the guerillas."

Meanwhile Australian Foreign Minister Gareth Evans has said that Cambodia must hunt down and prosecute those responsible for the murders of three Westerners, one who was an Australian.

"I am sure that the Cambodian Government will want to deal with this matter seriously as it is obvious that they are conscious of the implication this news will have for the confidence among terrorists and potential investors."

It was learnt that the authorities knew for sure the deaths of the three victims some time last month but did not have any concrete evidence to prove it.

Law Outlawing Khmer Rouge Ratified

BK2807023094 Phnom Penh National Radio of Cambodia Network in Cambodian 0145 GMT 28 Jul 94

[Text] Royal Decree:

I, His Majesty Norodom Sihanouk Varaman, king of Cambodia, with reference to Article 11 in Chapter 2 on the King of the Constitution of the Kingdom of Cambodia, which was adopted by the Constituent Assembly on 21 September 1993, order:

Article 1. The official implementation of Law outlawing the Democratic Kampuchean group, which was adopted by the National Assembly on 7 July 1994.

Article 2. This royal decree take effect from the day it is signed.

Issued in Phnom Penh on 15 July 1994 on the King's behalf and his royal order

[Signed] Acting Head of State Samdech Chea Sim

Indonesia

Joint Exercises With United States Detailed

BK2807032094 Jakarta ANTARA in English 1617 GMT 27 Jul 94

[Text] Jakarta, July 27 (OANA/ANTARA)—The Indonesian and United States Navies joint exercise involving the warships KRI [Republic of Indonesia ship] Fatahilah-361 and USS Reuben James-57, wound up in the Java Sea Tuesday.

Spokesman for the Indonesian Navy Colonel Totok M.K. Laksito disclosed in Jakarta Wednesday that the four-day exercise code-named "Passing Exercise Indusa 20/94" included electronic warfare, firing at targets beyond the horizon, anti-submarine warfare, surface ship warfare and communication drills.

KRI Fatahilah under the command of Lt. Col. Stany Fofied, is a destroyer equipped with ballistic missiles, and USS Reuben James is a frigate, also with ballistic missiles.

The joint exercise, the 20th so far, was preceded by a briefing on board the American warship anchored beside Fatahilah in the Benoa waters, Bali.

Col. Totok said the aim of the exercise was to strengthen the cooperation and friendship between the two navies and to enhance the skills and capabilities of their personnel.

Upon the conclusion of the exercise, USS Reuben James under the command of Lt. Col. E.J. Gilmore, will be repaired at PT PAL [Indonesian Navy's ship building industry] Surabaya, while Fatahilah will return to its base in the East Java capital.

Minister Optimistic About Approved Investments

BK2807102494 Jakarta ANTARA in English 0710 GMT 28 Jul 94

[Text] Jakarta, Jul 28 (ANTARA)—Foreign investments approved by the National Investment Coordinating Board (BKPM) from January to July 1994 reached 14.7 billion U.S. dollars, Minister for Investment/BKPM Chairman Sanyoto Sastrowardoyo told the press Wednesday.

The realization rate of approved investments is usually about 50 percent, he said expressing his optimism that the nation will be able to achieve this year's foreign investment target of 10 billion U.S. dollars.

The newly approved projects include oil refineries in East Java and Irian Jaya.

Meanwhile, in domestic investments, BKPM has approved new applications worth RP [rupiah] 33.2 trillion.

The minister expects that the value of new foreign investments will further increase with the government's recent deregulatory measures on investment as outline in Government Regulation No. 20/1994.

"The applications for new foreign investments were submitted before the government issued Government Regulation No. 20/1994," he said.

Minister: Al-Arqam Seeking 'Political Base'

BK2707125694 Jakarta ANTARA in English 1015 GMT 27 Jul 94

[Text] Jakarta, July 27 (OANA-ANTARA)—Religious Affairs Minister Tarmizi Taher said here Wednesday that the Islamic sect Al-Arqam is willing to use Indonesia as a base for its political movement in Southeast Asia.

The minister told reporters at the Bina Graha Presidential Office that the Al-Arqam is very aggressive and runs many educational institutions in a number of provinces such as Riau.

It is obvious that it wants to use Indonesia as its political base, he said.

He said that the government is considering banning Al-Arqam in Indonesia.

The Indonesian Ulemas Council (MUI) during its meeting on July 18-19 in Riau appealed to the government to ban the organization.

According to the minister, a number of provinces such as West Sumatera and Aceh has banned the Al-Arqam which many view as a deviant religious sect.

This indicates that the activities of the religious sect have disturbed political stability, at least in that province [not further specified], Taher said.

He said that the government is considering the banning in view of the political and security impacts the sect may create, while the MUI called for the ban by considering its deviation from the Islamic faith.

A number of ASEAN countries such as Malaysia and Brunei Darussalam have banned the Al-Arqam. The Al-Arqam has so far had its headquarters in Malaysia.

Indonesia has since 1980 kept watch on the activities of Al- Arqam.

Taher said that followers of the organization in Indonesia are only a handful and it is not registered at the Ministry of Religious Affairs.

But the minister said that the government has not made any arrests of its members.

Suharto, Singapore Minister View Foreign Media

BK2707124094 Jakarta ANTARA in English 1032 GMT 26 Jul 94

[Text] Jakarta, Jul 26 (OANA/ANTARA)—Indonesia and Singapore have to build national resilience in order to prevent the negative impact of the influx of foreign information, a Singaporean minister said here Tuesday.

Speaking to reporters after a meeting with President Suharto, Singaporean Information and Art Minister George Yeo said that there was no way to stop the influx of the information.

Therefore, what Indonesia and Singapore can do is to build up their immune system, he said.

Yeo said that information is now digitised either through satellites or underwater cables, requiring both countries to build their immune systems.

He said that increasing the national resilience would enable the two neighbouring countries to carry out strong cooperation.

He added that political stability, high and equitable economic growth in Indonesia would also help build stability in its neighbouring countries, including Singapore.

Accompanied by Minister for Information Harmoko, Yeo said that youth leaders from the two countries should establish a solid relationship.

A problem can emerge any time but personal contacts among youth leaders could reduce its adverse impacts, Yeo who is also chairman of a youth organisation under the People Action Party (PAP) said.

Meanwhile, Harmoko said that the two countries would set up a technical committee to study the impact of foreign information influx.

On the occasion, President Suharto also received the board executives of the Indonesian Independence Fighter Pioneers Association (PPKI) headed by Yusuf Mewengkan.

Yusuf asked the readiness of the president to officiate a PPKI two-day meeting due to be held here on August 19-20.

River Contamination Reaches 'Disturbing Level'

BK2707133994 Jakarta ANTARA in English 1054 GMT 27 Jul 94

[Text] Banjarmasin, S. Kalimantan, July 27 (ANEX-ANTARA)—Fifteen years of observation has indicated that many rivers in Indonesia have undergone quality deterioration, State Minister for Environmental Affairs Sarwono Kusumaatmaja said here Wednesday.

Before a number of officials and industrialists during the signing of a statement on a government-sponsored clean river programme [words indistinct], Kusumaatmaja, who is also head of the Agency for the Control of Environmental Impact (Bapedal), said most river water has been found to be below the quality standard.

More and more complaints have been filed because the deteriorating quality of river water has reached a disturbing level, he said.

The minister also said that the latest developments have shown that some industrial undertakings have been embroiled in conflicts because industries located downstream have to use water already contaminated by the waste disposal from those upstream.

Similar conflicts have also been found in agricultural and settlement areas, he added.

Therefore, he said, the government has for five years now been carrying out a national programme to control water contamination, known as a clean river program (prokasih), in 20 rivers spread in 8 provinces.

Prokasih is aimed at improving the quality of river water by means of reducing the load of pollutants entering the river and is implemented under the principles of simple focus and law compliance and enforcement, he added.

Regarding river contamination, he pointed out that besides industrial waste, waste from hotels, hospitals, trade centres, and real estates has also been found to be responsible for the deteriorating quality of river water.

In the current sixth five-year development period (1994-99), law enforcement with regard to prokasih will be implemented more firmly and more consistently, he added.

Laos

Foreign Minister Returns From ASEAN Meeting

BK2707133594 Vientiane KPL in English 0918 GMT 27 Jul 94

[Text] Vientiane, July 27 (KPL)—Somsavat Lengsavat, minister for foreign affairs of the Lao PDR [People's Democratic Republic], arrived home yesterday from Bangkok, Thailand, where he had attended the 27th ministerial meeting of the Association of Southeast Asian Nations (ASEAN) as an observer, like Vietnam and Papua New Guinea, between 22-25 July.

The Lao foreign minister in his speech to the meeting underlined the cooperative relations between Laos and the ASEAN member countries as well as Laos' effort at becoming a full member of ASEAN in the future.

Somsavat Lengsavat told the meeting of social and economic achievements in Laos following the introduction of the renovation policy over recent years.

While in Bangkok, the Lao foreign minister also met with delegations from ASEAN member countries.

Meeting Held With Visiting Thai Military Group

BK2707140494 Vientiane KPL in English 0915 GMT 27 Jul 94

[Text] Vientiane, July 27 (KPL)—Lieutenant General Choummali Sai-gnason, minister of national defense, chairman of the Lao-Thai Joint Committee for General Border Security Keeping, yesterday afternoon met with the visiting supreme commander of the Thai Armed Forces ACM [Air Chief Marshal] Woranat Aphichari, who is also chairman of the Thai-Lao Joint Committee for General Border Security Keeping.

The two military leaders discussed the operations of the Joint Committees for General Border Security Keeping before ACM Woranat Aphichari will resign as the chairman of the Thai-Lao Joint Committee for General Border Security Keeping.

ACM Woranat Aphichari also introduced accompanying senior Thai officers who will take over his post and coordinate with the Lao side.

Lieutenant General Choummali Sai-gnason congratulated ACM Woranat Aphichari over his achievements and express thanks to the Thai side for good cooperation.

During the visit to Laos, the Thai military delegation presented medical equipment to the Military Hospital No. 103.

The Thai military delegation arrived here yesterday on a two-day cordial visit to Laos in response to the invitation of Lieutenant General Choummali Sai-gnason.

Ministry Establishes New Special Region

BK2707135994 Vientiane KPL in English 0921 GMT 27 Jul 94

[Text] Vientiane, July 27 (KPL)—A ceremony was held in the District of Saisomboun to announce the establishment of this district as a special region, which comes directly under the party Central Committee and Government and the supervision of the Ministry of National Defense. Previously, Saisomboun itself was under the Province of Vientiane.

The special region of Saisomboun is located between the three Provinces of Xieng Khouang, Vientiane, and Bolikhamsai. There are five districts under its administration, including Saisomboun, Hom, Longsan, Thathom, and Phoun with a total population of 54,181 living in 130 villages. Of its population, 16,749 are lowlanders, 7,955 uplanders and 29,476 highlanders.

The announcement was in implementation of the party CC [Central Committee] Political Bureau's Decision No. 27 dated June 6, 1994. An 11-member committee responsible for the administration of the newly-established special region was formed. It is headed by Brigadier General Bounchan Sengsavang.

The transfer of Saisomboun was made between Mounkeo Olaboun and Phoumi Thipphavon, party CC members and party secretaries of Vientiane and Xieng Khouang Provinces respectively, and Brigadier General Bounchan Sengsavang, the head of the administration committee of the special region.

Present at the ceremony were, among others, Thongsing Thammavong, party CC Politburo member, head of the party CC Organisation Board, Brigadier General Douangchai Phichit, party CC member, deputy director of the Army Staff's General Department, representatives from the party Central Committee's Office and the Prime Minister's Office.

Airport Reconstruction Survey Completed

BK2707134694 Vientiane KPL in English 0928 GMT 27 Jul 94

[Text] Vientiane, July 27 (KPL)—A survey project of the existing airport in Sayaboury Province is 100 percent completed with a U.S. $7,300 [figure as received] loan from the Asian Development Bank.

The survey was conducted for ten days by the Design Institute of the Ministry of Communications, Transport, Post, and Construction. It shows that the size of the airport to be reconstructed will be 1,800 metres long and 300 metres wide.

A new airport with a total length of 2,800 metres in the province was also surveyed.

Philippines

Agreements With Italy, Micronesia Ratified

BK2807092894 Quezon City Radio Filipinas in English 0230 GMT 28 Jul 94

[Text] The Philippine Senate has ratified two international agreements, these are: the development, cooperation agreement between the Philippine and Italian Governments, and the extradition treaty between the Philippines and the Federal States of Micronesia, or FSM.

Under the Philippine-Italian Agreement, Italy shall make available scientific, technical, and financial assistance aimed at implementing development, cooperation activities between the two countries.

The Philippine-Federal States of Micronesia or FSM Agreement states that political offenses are not covered by extradition, except in the case of the taking or attempted taking of any heads of state or government, or a member of his or her family.

Repatriation Program for SRV Refugees Denied

BK2807091294 Quezon City Radio Filipinas in English 0230 GMT 28 Jul 94

[Text] The Philippines' Foreign Affairs Department says all Vietnamese refugees in the Philippines who have been denied political asylum will be returned to their homeland in a humane and orderly repatriation program.

The statement was made after a number of asylum seekers expressed alarm over an agreement last week between Foreign Affairs Secretary Roberto Romulo and Vietnamese Foreign Minister Nguyen Manh Cam to speed up the repatriation of the remaining Vietnamese in the country because of the scheduled closure of refugee camps in the Philippines at the end of the year.

In assuring the refugees, the Philippines' Foreign Affairs Department said the conditions in Vietnam have improved greatly, adding the repatriation program was designed to provide them with financial assistance and employment upon their return.

The plan was drawn up following an accord among different Association of Southeast Asian Nation countries, the Indochinese countries, United States, Canada, Japan, Australia, a number of European countries, and the United Nations High Commission for Refugees.

Agreeing to Cam's call for repatriation, Romulo said Vietnam should take the necessary steps to implement an orderly, voluntary repatriation program for those who could be employed in Vietnam's ongoing development efforts.

[Text] The peace talks between Muslim secessionist rebels and the government may be stalled further as leaders of the Moro National Liberation Front (MNLF) set new conditions before sitting in the negotiating table.

Nur Misuari, now in Jeddah, Saudi Arabia, said he wants the military to stop operations against Abu Sayyaf members in MNLF-controlled areas in Sulu and Basilar

Misuari came back to the Philippines from a long self-exile in Saudi Arabia via the southern backdoor last December 1993. Two months ago, he went back to Jeddah.

Yesterday, Misuari was interviewed live by radio station DZMM and voiced out his conditions for the MNLF to resume talks with the government.

"If you want me to go back, the government should withdraw their forces in the MNLF areas. Katakut-takot na discrepancy ang nangyayari [several discrepancies occurred] especially when they are intruding inside our controlled areas," Misuari was quoted as saying.

Since the military operation against the Abu Sayyaf, Misuari claimed of a continuing cease-fire violation by the military in Basilan and Sulu but failed to give specifics.

Earlier, members of the government peace panel led by former Ambassador Manuel Yan said they are just awaiting the return of Misuari to settle issues of the support committees and head towards the second round of talks in Jakarta, Indonesia.

One of the issues agreed on during the first round of the MNLF-RP [Republic of the Philippines] talks was that the government should not conduct military operation in MNLF-controlled areas for the duration of the peace talks.

Reports said there is a military operation in Maimbung, Sulu and in Basilan province to capture remnants of Abu Sayyaf still holding hostage Catholic priest Fr. Cirilo Roy Nacorda. The Muslim rebels want P3 million [Philippine pesos] ransom in exchange for the priest's release.

Military officials said Misuari's return to Mindanao depends on the military hierarchy's willingness to suspend their operations.

"It would be very dangerous. I may not be able to assure his security if he comes back during the height of the operation," Brig. Gen. Guillermo Ruiz, Marines commandant and chairman of the government panel of the MNLF-RP joint cease-fire committee (JCC), said.

Ustadz Shariff Zain Jali, MNLF spokesman, Misuari's absence in the country has nothing to do in the delay in the MNLF government peace talks. [sentence as published] He claimed the government is delaying the peace talks.

Misuari appears to be tolerating the activities of Abu Sayyaf when he suggested the payment of P3 million ransom for Fr. Nacorda's release, at the same time criticizing the military's overkill operation in Mindanao.

"Kung hindi naglaunch ng overkill operation ang military, hindi sana lalala ang situwasyon sa Mindanao [Had the military not launched an overkill operation, the situation in Mindanao would not have worsened]. It was also an unnecessary waste of military resources," Misuari said.

Jali, for his part, cautioned the government that Fr. Nacorda would be killed by the Abu Sayyaf if government forces insist on penetrating the group's lair and fail to pay the ransom demand.

Bank Cites Impediments to Economic Growth

BK2807102694 Manila PHILIPPINE DAILY INQUIRER in English 25 Jul 94 p 25

[By Margie Quimpo-Espino]

[Text] The Bangko Sentral ng Pilipinas [Central Bank of the Philippines] (BSP) has cited the low level of competition in the banking industry as one of the two main impediments to economic growth.

In its first quarter report to President Ramos, the BSP said the drag to economic growth in the next few years was the government's fiscal position.

It said the low level of competition in the local banking industry translated partly to high financial intermediation cost and, consequently, low level of savings.

The BSP traced the perennial budget deficit of the government as being primarily caused by the subsidy it has to provide for government corporations, many of which have financial problems.

Foremost among these firms was the National Power Corp., which remained saddled by huge foreign debt and an inability to raise sufficient cash for its operations and projects.

"If not promptly addressed, the scarce government resources could be eaten up by financial requirements of this sector, at the expense of growth-enhancing infrastructure outlays," the BSP said.

The substantial subsidy government granted to corporations was such that multilateral lending agencies like the World Bank and the Asian Development Bank look closely at the financial conditions of the government firms before granting any loans.

On the banking industry, the BSP pointed out that "the decision to allow wider access to foreign banks for the first time since 1948 would inject more competition, force financial institutions to improve operational efficiency and, over time, lower the cost of financial intermediation."

The banking industry has been accused of being a cartel—fixing lending rates at high levels, while granting low rates on savings, making enormous profits even during sluggish economic times, and having high operating costs because of inefficiency.

Banks have denied the allegations, claiming that the high lending rate-low savings rate regime was due to their high intermediation cost which, in turn, was caused by the high reserve requirement on banks, among others.

High loan rates have discouraged businesses from expanding their operations.

At the same time, low rates on savings hindered the public from putting money in banks. However, banks claimed that the average interest rate on savings was actually 9 to 12 percent compared with the generally perceived notion of only a 2 to 3 percent yield.

But banks themselves have admitted that they have not sufficiently informed the public of alternative investments that earn high rates other than the ordinary savings rate.

Thailand

Officials View Debt Servicing Situation

BK2807101294 Bangkok BANGKOK POST in English 28 Jul 94 p 15

[Text] Foreign exchange fluctuation have only slightly affected Thailands' ability to service its debt as most of the country's external debts are long term ones, assistant governor of Bank of Thailand Siri Kancharoendi said .

Dr Siri said although the yen has appreciated by 10.85 percent against the baht since the beginning of the year, the Government's cost of its outstanding external debts (339.93 billion baht) increased by only 2.5 percent.

This increase would be amortised over a long period of time so, "the impact will be minimal," he said.

Of the Government's total outstanding external debt, 53 percent is yen-denominated, 38 percent dollar-denominated, and 5 percent in various other currencies .

Of the private sector's external debts, only 4 percent is yen-denominated while more than 92 percent was dollar-denominated, Dr Siri said, adding that the impact on the private sector would be insignificant.

Despite this minimal impact, he said the Finance Ministry would try to offset the fluctuation risks by refinancing debts through new bond issues.

However, it is the responsibility of the Finance Ministry to manage the country's debt and the Bank of Thailand to manage assets, he explained.

Although the baht has depreciated against the yen, it has appreciated against the dollar, which has resulted in net capital outflows of more than US$400 million baht since the beginning of July, he noted.

However, since July 12 the baht has depreciated to around 24.98 to 25 baht to the dollar, attracting about US$100 milllon a day in capital inflows, he said, adding "this only indicates the short-term impact of foreign exchange fluctuation."

The baht is stabilising and the exchange between the baht and the greenback has moved marginally, he said. "Therefore, the impact (in terms of capital flows) is not significant when compared with the country's foreign reserves of US$27 billion," Dr Siri said.

Meanwhile, vice-chairman of the Federation of Thai Industries Praphat Photiworakhun said the yen's appreciation would not cause prices of locally-produced electrical appliances to rise as manufacturers can avoid importing parts and components from Japan and shift to imports from Korea instead.

Moreover, he said, most household electrical appliances have 80

local content and the industry is so developed that all parts and components will be locally-produced within the next five years.

Instead of suffering from the yen's appreciation, Thailand stands to benefit from a new wave of industries relocating from Japan.

The electrical appliance industry still needs Government support in reduction of import taxes on raw materials and low interest rates.

9th Division Command Changes Discussed

94SE0160A Bangkok MATICHON in Thai 7 Jun 94 pp 1,3

[Excerpt] [Passage omitted] On 9 June the 9th Infantry Division based in Kanchanaburi, which is known as the "9th Division" and is said to be a special "unit" and an important division, will celebrate the 23rd anniversary of the establishment of the "9th Division".

Since the 9th Division is directly subordinate to the RTA Commander in Chief, the officer holding the position of Commander of the 9th Infantry Division is apt to be close to the "big boss".

Before the incidents of May 1992, Royal Military Academy Class 11 had united firmly under the leadership of Lt. Gen. Chainarong Nunphakdi's team of friends.

So he made his friend Maj. Gen. Suwinai Briburanangkun commander of the 9th Infantry Division.

But after the historic events of May, the "savage May", the currents toppled the chairs of the old guard all in a row.

Maj. Gen. Suwinai Briburanangkun was knocked out of his position as Commander of the 9th Infantry Division by the political storm and became Commander of the 5th Infantry Division in the South.

It was not thought that he was hurt much because he still remained a division commander, although being Commander of the 5th Infantry Division was not as important as being Commander of the 9th Infantry Division.

The new Commander of the 9th Infantry Division appointed by Gen. Wimon Wongwanit, the RTA Commander in Chief, to this important position was Maj. Gen. Winit Krachangson from Royal Military Academy Class 9.

But last April there was another "cleansing of the blood" which pushed Maj. Gen. Winit Krachangson up to become Deputy Commander of the 1st Army Region while Col. Chalong Chotikkham, the Deputy Commander of the 9th Infantry Division, was pushed up to be commander of the division and was promoted to major general. He was another member of Royal Military Academy Class 13 who has risen to become a division commander.

There was a report that the reason that Major General Chalong was promoted outside the the big promotion season was that the "boss" wanted to take care of the matter of the military having disputes with villagers.

So this promotion was because Major General Chalong was very well informed about this aspect of the military.

It was therefore not related to "old ties".

The 9th Infantry Division is to celebrate its 23rd anniversary on 9 June. In October there was another great round of the "cleansing of the blood" festival.

"Cleansing" to accomodate the new powers.

Col. Thawip Suwansing moved up to second in line behind Major General Chalong when the Major General moved up to the top position in October. Colonel Thawip is from Royal Military Academy Class 14 and is an expert in working with the people. He might stay in his old position or he might move out.

Col. Nop Maikeo is another officer from Royal Military Academy Class 14 who is to be moved. He must be moved from Commander of the 19th Infantry [Regiment], an important unit in the 9th Infantry Division, up to deputy commander.

The "unit in charge" is to move Col. Suthep Phothisuwan from the military training school to the position of Commander of the 19th Infantry [Regiment]. He is one who has connections.

The officer in the camp whose name will come up to replace Colonel Suthep at the military training school is Col. Mana Prachakchit, a member of Royal Military Academy Class 18 and Commander of the 29th Infantry Regiment, a second string regiment in the 9th Division.

As for the 29th infantry [regiment], whose commander was traded when Colonel Mana joined the tigers, they will have to find an officer in the area to replace him.

An officer who had the good fortune to have worked harmoniously in Kanchanaburi Province for some time with Maj. Gen. Chalong Chotikkham was Col. Somchai Chanthankan, the provincial military commander of Kanchanaburi Province.

But there was a problem in that Colonel Somchai, who was considered a skilled officer in the area, was formerly commander of the 14th Thahan Phran Irregulars, a unit which was to be moved to the First Army Region.

So he was transferred to command of the provincial military of Kanchanaburi Province. He was very suited for the job.

However Col. Somchai Chanthankan did not have the seniority to become 29th Infantry [Regiment] Commander. That made it difficult at this time because he graduated in Royal Military Academy Class 16.

There were many others with more seniority waiting in line and so he had to stand aside and let others go ahead.

It is unfortunate that since the savage events of May, the 9th Infantry Division is gradually being "cleansed".

It is being cleansed and completely redyed. Next October it is expected that there will be a large "cleansing" and the old blood will be cleansed away for the last time.

Editorial Says Regulation Will Hurt Environment

BK2807065394 Bangkok BANGKOK POST in English 28 Jul 94 p 4

[Editorial: "Rule Change Weakens Care of Environment"]

[Text] Virtually without any fanfare and with little public notice, an important piece of legislation regarding land rights which will have wide-ranging implication was promulgated in April. The law, Ministerial Regulation No 43, has taken the place of several other regulations earlier promulgated, including Ministerial Regulation No 5 which was enacted in December 1954, the same year that the Land Code came into force.

Although promulgated four decades ago, Ministerial Regulation No 5 is still regarded as a good law because of the farsightedness and concern for the environment displayed by the legislators. The outstanding element of the regulation is that it bans the issuance of land title deeds for land on hills, mountains, prohibited areas or land reserved by governmental agencies for its natural resources.

Sadly, this important legal feature was omitted in recently-enacted Ministerial Regulation No 43 and replaced by ambiguous phrases which open a huge legal loophole for exploitation. Essentially, once the jargon is removed, the new regulation says that issuance of land title deeds for land on hills, mountains and prohibited areas is not permissible unless a person had rights over the land before the promulgation of the 1954 Land Code. The regulation also allows individuals to claim ownership and be given land title deeds for land on the islands if they have evidence proving their right to occupancy.

On the bright side, this regulation may provide a solution to the countless cases of land ownership disputes pending in courts or with the authorities. It may also give an answer to the claims of ancestral rights of land in forests by many villagers.

But on the darker side, a close scrutiny of the regulation shows that this may turn out to be the opening of a floodgate for a new rush of forest encroachment, especially where there are mountains and streams which are ideal for "development" as golf courses, resorts or farms. With the collaboration of corrupt land officials. Illegal encroachment of land which took place before the enforcement of the regulation can also be legitimised.

This pessimistic view is not without foundation. Despite the existence of the law which prohibits the issuance of title deed for land on hills and mountain title deeds and other forms land rights documents have been issued by land officials for land which has been illegally encroached upon. This was mad possible because of the power of money or the influence wielded by the encroachers. Land encroachment has been extensive especially in provinces with tourism potential. And in most cases, the illegal activities by the rural poor were encouraged or funded by rich urbanites who include businessmen, high-ranking government officials and local influential figures who are the real claimants to, or owners of, the encroached land.

Because of the devastating implications resulting from the loopholes, Ministerial Regulation No 43 appears to contradict national forestry policy which aims to protect and preserve forested mountains, many of which are watershed areas. Also in theory, mountains which have high slopes are vulnerable to soil erosion and, therefore, must not be occupied by individuals. Yet, the writers of this regulation have completely ignored this harsh fact and chosen to leave the door open for ownership claims.

It is, indeed, unthinkable how such a regulation can be allowed to be promulgated without thoughtful consideration of its negative implications on the country's many diverse environments which are now coming under increased human pressure. Especially if it can be unmistakenly assumed that, in the end, the persons who will benefit from it are the rich and the powerful elitists. The landless locals will gain the least from the regulation.

As the jurists say, a deed is the indicator of the motive prompting it. And in this particular case, the motive of the Interior Ministry in making such controversial changes is open to serious question.

Vietnam

Japanese Ambassador Views Prospects of Relations

BK2707125294 Hanoi Voice of Vietnam Network in Vietnamese 0015 GMT 27 Jul 94

[Interview with Mr. (Ogura Tago), Japanese ambassador extraordinary and plenipotentiary to Vietnam, by unidentified station correspondent—place and date not given; read by announcer]

[Text] [Correspondent] Your Excellency, could you please tell us about the current state and future prospects of relations between Vietnam and Japan?

[(Ogura]) First of all, I believe that it is important for Vietnam and Japan to share their historical experience. As far as this is concerned, both Vietnam and Japan have gone through a period of fast economic growth. Economic development has given rise to many problems, especially those relating to the destruction of natural environment and changes in cultural and rural settings. In the fast economic development that lasted for about 50 to 100 years, Japan has gone through painful changes in nature, culture, society, and politics. (?Vietnam) is going through the same experiences. Vietnam and Japan may share those historical experiences and henceforth, promote better mutual understanding and bilateral cooperation.

Secondly, Vietnam and Japan should be sensitive to the international situation. I think that both Vietnam and Japan have, to a certain extent, remained sensitive to international developments and adopted flexible measures to cope with them. Both countries have an important role to play. Therefore, in the future, they should think of ways to take part in and contribute to the world affairs and fulfill their roles. It is possible and necessary for Vietnam and Japan to understand each country's stance, enter into dialogues, and promote cooperation in the aforementioned matters.

To be specific, the two countries should step up exchanges of views on the world situation and Japan should help with Vietnam's participation in international organizations.

[Correspondent] What are the prospects of Vietnamese-Japanese bilateral relations against the Asia-Pacific background?

[Ogura] I believe Vietnam and Japan have reached a consensus on the following points: First of all, no countries are allowed to monopolize power in the Asia-Pacific region. As far as the Asia-Pacific is concerned, no single country is allowed to give orders to another country. Ties between regional countries must be based on the principle of equality, cooperation for mutual benefit, respect for each country's independence, and preservation of peace. Secondly, differences must be settled through negotiations. Thirdly, as far as the economic system is concerned, we should devise a new international cooperation pattern to meet the cooperation requirements set by countries with different regimes and different economic development levels. Vietnamese-Japanese ties can be part of this new kind of cooperation in the Asia-Pacific.

It is my belief that as far as the Asia-Pacific is concerned, Vietnam is a prime mover and so is Japan.

[Correspondent] How can we create a momentum to promote bilateral ties.

[Ogura] It is necessary to take drastic measures to promote personnel exchanges. Efforts must be made to exchange not only personnel needed for business, trade, and investment promotion but also people in charge of cultural and educational activities, work relating to women and peasants, and agricultural production. Personnel exchanges can be effected through three steps as follows: The first involves politicians and leaders of the two countries. The next involves intellectuals, cultural activists, and businessmen. The last involves ordinary workers and peasants. Furthermore, Vietnam should participate more actively in ASEAN, APEC, GATT, and other international organizations.

[Correspondent] Your Excellency, what do you hope to achieve first during your tour of duty in Vietnam?

[Ogura] In my opinion, the maintenance of honest relations and genuine mutual understanding between Japanese and Vietnamese are indispensable. If honest relations or genuine mutual understanding are not maintained, then there will be no foundation for long-lasting economic, trade, technical, and cultural cooperation. Therefore, during my tour of duty in Vietnam, I want to concentrate my efforts on gradually promoting genuine mutual understanding between Vietnamese and Japanese.

Visit by Indonesian Parliament Delegation

BK2707155394 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 27 Jul 94

[Text] The Indonesian Parliament delegation led by Mr. (Zakaria Ahmad Kadir), member of the Indonesian Parliamentary Commission on Foreign Affairs, Defense, and Security and vice chairman of the Inter-Parliament Committee, paid a visit to Vietnam from 25-27 July.

The delegation was warmly received by the National Assembly Vice Chairman Phung Van Tuu, and had a working session with National Assembly Office Chief Vu Mao.

During the meetings, the two sides informed each other about the activities of the two parliaments and agreed that it is necessary to promote cooperation between the two countries. The Indonesian guests expressed admiration of the patriotic and heroic independence struggles of Vietnamese people in the past as well as its achievements in the current national development.

While in Hanoi, the Indonesian Parliament delegation paid tribute to late President Ho Chi Minh at his mausoleum, visited the Army Museum, and other well-known spots in the capital city of Hanoi.

On 27 July, the delegation left Hanoi, successfully concluding the Vietnam visit.

French Assembly Discusses Hanoi Radio Protests

BK2707151994 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 27 Jul 94

[Text] The French National Assembly's Cultural, Family, and Social Welfare Committee recently met to hear its chairman, Mr. (Michel Perika), report on the outcome of his working visit to the three countries of Vietnam, Cambodia, and Laos early in this year.

During the visit, his six-member delegation held a working session with the Vietnamese National Assembly's Culture, Education, Youths, Teenagers, and Children Committee, met the director-general of Radio Voice of Vietnam, and was given an audience with Deputy Prime Minister Nguyen Khanh.

Mr. (Michel Perika)'s report reads in part: The Vietnamese people my delegation met repeatedly pointed out that they could not tolerate the contents of the RFI's [Radio France International] Vietnamese-language broadcasts. They claimed the radio had harped on about criticisms against the Vietnamese regime. Worse, the radio had also called for the ouster of the communist party-led regime. They wondered why the French Government, which finances the RFI, tolerates these actions that are openly against their desire to promote close cooperation with Vietnam.

In conclusion, the report says: If the media's right to freedom of expression is a value to be preserved, then the role of Radio RFI's foreign-language broadcasts must not be for or against the political system of relevant countries. Radio RFI must not pattern itself after the former practises of the Voice of America. Furthermore, we cannot tolerate the way France's political investment in Vietnam has been violated.

To prevent Radio RFI from being used as a remote tool by certain individuals for political liquidation purposes, it is necessary to determine a precise political guideline for Radio RFI Vietnamese editors to follow. The editors have not been subjected to any control so far.

Mr. (Michel Perika)'s delegation report was examined and then passed by all members of the French National Assembly's Culture, Family, and Social Welfare Committee. The committee also decided to make public the whole text of this report.

The French National Assembly's Culture, Family, and Social Welfare Committee consists of 147 National Assembly deputies, including the National Assembly Chairman, (Philippe Chezin), and Comrade Marchais, forther general secretary of the Communist Party of France.

'Narrowed' Investment Gap Between Cities Noted

BK2807025394 Hanoi VNA in English 1350 GMT 24 Jul 94

[Text] Hanoi VNA July 24—Direct foreign investment in Hanoi rose sharply in the last six months, with the gap between Ho Chi Minh City and Hanoi having been narrowed: the State Committee for Cooperation and Investment (SCCI) approved 49 projects valued at USD [U.S. dollars] 395 million in Ho Chi Minh City and 40 projects worth USD 233.7 million in Hanoi.

So far, foreign joint ventures in Hanoi have totalled 143 projects with USD 1.7 billion, of which 74 have been put into operation, 14 are under construction, 32 are having their administrative procedures completed and over 10 are said to be ineffective which will be reconsidered in the coming inspection, according to the Hanoi Foreign Economic Department.

The number of projects having their licences withdrawn due to ineffective operation or malpractice (excluding those with expired duration) so far accounted for 15 per cent of the total projects of Hanoi (or 14 per cent of the total licences withdrawn in the country).

Investment projects are put into operation in increasingly shorter time especially those licensed at the end of 1993 such as a joint venture with Singapore to develop the West Lake area, the Orion-Hanel joint venture to produce TV picture tube, and another with Japan's Fujita to build offices.

Investment projects in construction and real estate make up as much as 45 per cent of licensed projects in the last six month, being the field attracting the most investment capital in Hanoi. Thus, the Hanoi People's Committee has decided since the end of 1993 not to licence small-scale joint ventures in this field (hotels with less than 50 rooms, commercial and office centres with less than 3,000 square metres of area and USD 3 million of value).

Investment in industry is also on the increase, accounting for 25 per cent of the projects granted permission in the same period. Hanoi aims at becoming a centre of the country's industry. The Noi Bai Export Processing Zone (north of Hanoi) has been granted permission and by the end of 1995 three more industrial areas will have been formed in the north and northwest of Hanoi, namely Sai Dong, a high-tech industrial zone, Dong Anh and South Thang Long, one for heavy industry, car assembly and machinery manufacture, and one for electronic and consumer goods.

Projects in expanding Hanoi are still strategic ones which attract the greatest consideration. There will be an investment programme to build a central area and satellite cities around Hanoi.

The SCCI and the Hanoi People's Committee have agreed to simplify procedures for a number of kinds of projects in order to further attract foreign investment capital in Hanoi.

Communications Sector Achievements Noted

BK2707161594 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 27 Jul 94

[Text] In the first six months of this year, the communications and transportation sector achieved 50 percent of the yearly plan for capital construction value, and the general construction value attained 63 percent of the annual plan.

Besides the North Thang Long-Noi Bai highway which has been completed and put in use, the sector is urgently speeding up many important construction projects such as the Viet Tri Bridge; projects to upgrade National Routes No. 5, No. 1-A, No. 30, and No. 80; the Gianh River bridge; the Unification railway; and so forth.

In general the communications network is increasingly improving and ensuring smooth transport operation. The communications and transportation sector, however, is still facing the difficulty of lacking capital and experience in managing borrowed capital. The implementation of new regulations on capital construction procedures still shows indecisiveness.

The communications and transportation sector has set up measures to speed up capital construction in the remaining months of the year, including the concentration of capital sources for the construction of major projects, eliminating projects that have not fulfilled all procedural requirements, and strengthening management capacity in order to avoid losses and to encourage thrift in capital construction.

* Ho Chi Minh Thoughts Guide Defense Renovation

942E0064 Hanoi TAP CHI QUOC PHONG TOAN DAN in Vietnamese May 94 pp 1-6

[Article by Senior Lieutenant General Dao Dinh Luyen: "On the Occasion of President Ho Chi Minh's 104th Birthday (19-5-1890 - 19-5-1994)—Ho Chi Minh Thoughts Guide Our Renovation in the National Defense Field"]

[Text] The 20th century is about to end with an outstanding characteristic, namely, "the century of national liberation." The Vietnamese nation has the honor of being the vanguard in this liberation and is entering a new period of development.

This outstanding achievement in our national history is closely linked with the guidance provided by Marxism-Leninism and with the Vietnamization of the latter, hence the Ho Chi Minh thoughts.

Marxism-Leninism is the doctrine of liberation and the doctrine of scientific and revolutionary development of today. The Ho Chi Minh thoughts belong to this ideology. The brilliant aspect of these thoughts was that the thought on colonial revolution was based on the Marxist-Leninist view, namely, how would the people in colonies liberate themselves, and in what direction would colonial countries develop themselves? Here, patriotism is raised by Marxism-Leninism to the height of the era; national liberation is linked with liberation of the class, society, and man. That was why nations and friends admired Ho Chi Minh and his thoughts.

A great culturist of the era, Ho Chi Minh contributed to mankind's cultural treasure three precious stones, namely, the thought on national liberation, the thought on democracy, and the Ho Chi Minh moralism.

An important part of his ideas, the Ho Chi Minh military thought is also the military thought of the CPV and the Vietnamese military thought in the era bearing his name. It is the thought on all-people national defense, people's war, and people's armed forces.

The Ho Chi Minh style has its own brilliant aspects including the ones that deserve attention as follows:

One, to consider and resolve in an independent and self-controlled manner the issues of the revolution in conformity with our country's characteristic conditions and situation and on the basis of its revolutionary reality.

Two, to know how to "look to the horizon" to find clearsighted, optimal, and implementable decisive policies. "Take the unchangeable to cope with the changeable." Tough principles, but soft strategies. One determination, but ten measures.

Three, everything is by the people and for the people. "Use our energy to liberate ourselves," and to use our energy to build for ourselves.

Along with Marxism-Leninism, the Ho Chi Minh thoughts are a torch that lights up the road to renovation in general, and the national defense field in particular.

I. To Profoundly Renovate the Thinking on Defense of the Fatherland, on National Defense

1. As we "look to the horizon," we can find that the international and regional situation is changing in a complicated and profound manner because of the effects of these two basic factors:

One, the scientific and modern industrial revolution has made society's productivity grow excessively, and beyond national boundaries. The tendency to internationalize the economic life is growing everyday; the tendency to democratize the political life is getting wider everyday. This is an opportunity for countries to reach forward to develop themselves at a fast pace; at the same time, a danger is created for those countries that fail to seize this opportunity, for they will be left behind in poverty and backwardness.

Two, the dismantling of the Soviet Union has marked a *turning point* in the international situation. The revolution is no longer on the offensive. The change of the *balance of power* is beneficial for imperialism. *Socialism suffers a setback;* socialist countries and the national liberation movement are facing new difficulties and challenges. Against this background, the imperialists and reactionaries *have changed their strategic thinking* and switched to *fighting from inside out* and *taking nonviolent measures as the main recourse;* at the same time, military force would be used as deterrence and support while they would refuse to rule out the use of selective force, if necessary, to carry out their plot to absolutely destroy socialism, instead of destroying only the remaining socialist countries, including *Vietnam as a key country*, but more basically to render socialism incapable of recovery. In the face of new historic events, nations have learned a dear lesson, namely, *to have independence and self-rule, and to strengthen oneself.* The ability of the revolution to recover is not baseless and is imbued with new development, but it takes time.

Unlike Europe which has undergone profound disturbances, *Asia-Pacific* has gone from a tense situation to a less tense one, but here there are hidden disputes between major powers and problems left behind by history. Sea, island, and border conflicts are matters we cannot help paying attention to.

Generally speaking, although the situation changes in a complicated manner, the common trend in the world is *peace* and *development*. There is peace, but instability, crises, disturbances, and conflicts also exist, taking place in different forms. There is development, but it is far from uniform, with both cooperation and severe competition prevailing. Not only *hard war but also "soft" war* take place in a fierce manner. Today, people's interests, national interests, and economic interests profoundly affect relations among nations and peoples. Now this phenomenon appears: *regional conflict* and *regional alliance*.

Against this international background, the topmost requirement for a nation to survive and to develop is its ability *to remain strategically alert and to adjust its strategy in a timely manner.* It must know to "ponder over the past, experience the present, and try to understand all reasons behind prosperity and decadence."

2. Our country is now facing *new opportunities and new challenges.*

With the party's clearsighted renovation line, following the dark years and months of the world's socialism, our country *has stood firm and has to some extent developed* *itself,* has made an important step toward overcoming its socioeconomic crisis, and has continued to maintain and consolidate political stability and national defense-security, to expand foreign relations, and to accumulate a lot of leadership and management experience. These great achievements have created new posture and strength for our country and allowed us to gradually move into *a new period of development:* to further accelerate our industrialization and modernization and to strive to help the country escape poverty and underdevelopment. At the same time, we must overcome and gradually defeat the dangers that we cannot underestimate. Opportunities are great, but dangers are not small; dangers even exist in opportunities.

3. With the new realities of the world and our country, in the light of the Ho Chi Minh thoughts, we can see that *the doctrine calling for defending the socialist fatherland shows a new development.* We cannot solely take care of *arms* to defend the fatherland and aim at resisting the enemy's *armed aggression;* what is important today is also to take care of *building, maintaining our internal situation, and knowing how to deal with the enemy's nonviolent plots and tricks.*

a. We must clearly see both opportunities and dangers, neither of which can be underestimated. To fail to seize opportunities in order to accelerate our national building and thus to lag behind further economically will lead to bad consequences on society and confidence, loss of stability, and a threat against security. On the contrary, if we do not successfully deal with new dangers, we will not be able to secure a stable and peaceful environment necessary for development. In his last will and testament, Uncle Ho said that we must "build in more than 10 days" and reminded us that we should "get together to save the country." We must thoroughly understand and closely and harmoniously combine the two strategic tasks of the revolution: to build socialism while defending the socialist fatherland. In building we must know how *to defend ourselves and to link it with defending.* To defend *must be positive for the sake of building.*

b. To defend the fatherland is linked with defending the system, defending the party, defending the state power, and defending the achievements of the revolution. Lenin said that to defend the socialist fatherland was "to defend socialism in the capacity of fatherland." Uncle Ho said, "To have land and water is the requirement for having the fatherland." The fatherland and the system are closely linked with each other and cannot be separated. National defense is defending the nation. The system and the nation cannot be separated, either, because they are the nation's symbols. The nation has independence, sovereignty, and national interests. Uncle Ho said, "In the olden days, we only had nights and jungles. Now we have days, the sky, the sea. Our coastline is long and beautiful; we must know how to keep it." To defend the fatherland means we must also defend land, borders, the sea, the exclusive economic zone, the continental shelf, islands, and the airspace within our sovereignty. To defend the fatherland means to defend the national security interests, which include both existence security and development security.

c. The strength used to defend the fatherland must be *the combined strength of the nation, and the system,* not solely the armed strength. This strength originates from the strength of our economy, political system, education, culture and ideology, science and industries, and so on. It is also the combined strength of national construction. To maintain political stability, to develop the economy and culture, to take care of national defense and security, to step up foreign-policy work, to build and to defend the party—all this creates the combined strength needed to defend the fatherland and is the responsibility of the party, people, army, entire political system, echelons, and sectors as a whole.

d. The best ways to defend the country are: knowing how to keep "things harmonious inside and outside the country," with plans and policies to keep the country together a long time, and at the same time ensuring its strength to prevent and cope with any circumstances, to strongly defend the socialist Vietnamese fatherland, (this is based on promoting peace among the people), maintaining the system, building prosperity for the people and strength for the country, and keeping society fair and civilized. We must attach importance to *building and keeping internal stability as the decisive factor.* The party being secure, the people living in peace, the army being strong—all contribute to the party's posture and the people's will remaining steady under all circumstances. At the same time, we must *turn the foreign-policy relations into multilateral and multifaceted ones,* "get more friends and less enemies," and make sure that we always have at the present time "fewer than one enemy," as the foreigners used to praise Uncle Ho's talent. We have to "take the unchangeable to cope with the changeable," to create important objectives, to mix interests, to maintain a balance of power on the basis of maintaining independence and national unification and sovereignty, and to set socialist and national cultural directions. More particularly, the adoption of correct and reasonable policies regarding the major powers and the neighboring countries in the region will be an important guarantee for our national security.

e. Consequently national defense must also be conceived *in a more total and positive manner,* National defense and military affairs are not the same. Military affairs, of course, serve as the hard core of national defense, but national defense is broader. The national defense strength is the nation's combined strength, the central part of which is military strength. Uncle Ho earnestly advised us, "Each and every Vietnamese citizen... must become a soldier on one of the military, economic, political, and cultural fronts." The national defense struggle does not solely consist of military struggle, but other struggles—political, diplomatic, and legal—play their important role in specific periods. National defense is aimed at winning wars, but first of all it must deter war, maintain long lasting peace, and create a favorable environment for national development.

II. To Make the All-People National Defense Strong

1. In the face of new enemy plots and tricks, in the face of the country's new dangers, we must make sure to further *consolidate the all-people national defense* and *closely combine it with the people's security* to turn it into a steady and strong fighting posture. Uncle Ho said that the public security force and army are the two hands of the people, party, government, and dictatorial proletariat. The two forces must be united; the two fighting postures must be closely combined. The all-people national defense posture is that of the people defending the country. The people's security posture is that of the people maintaining security. Only when the two fighting postures are closely combined can we guarantee long lasting stability and peace for the country; and when we are forced to wage a war, they will be turned into the people's war posture, i.e., a posture of steadily fighting the enemy by the people as a whole.

2. Before we build the all-people national defense posture, as well as the people's security posture, we must first of all *build a strong people's-will posture* by doing things *for the people* and really *by the people.* Uncle Ho pointed out, "For a country, the people are the roots. In the war of resistance for national reconstruction, the main force comes from the people." We must build well from a totally strong base, build political and spiritual unanimity, and build the national great-solidarity bloc of the entire people. We must attach importance to all-people national defense and people's security education, particularly aimed at two groups of people—leadership and management cadres, and the young.

On the basis of stepping up the country's renovation, we must build the combined national defense-security strength. National defense, closely combined with security, will ensure security and social order and security. National defense-security, closely combined with socioeconomic affairs, will bring about both developed economy and society and strong national defense and security; then as it must be closely combined with education, culture, science, and industries, it will create the country's multifaceted potential and satisfy the needs of national defense and security.

This combination must be reflected in *doing planning and drafting plans* in a synchronized and balanced manner, with *positive goals set for the struggle.* Our country is long and can easily be partitioned; therefore, we should pay attention not only to the structure of the entire country but also to that of *each region.* Every province and municipality is a strategic unit in terms of socioeconomic affairs and at the same time serves as a defense area, a security area. Every planning level, both central and local, must set not only economic, cultural, and social goals but also positive national defense-security ones. Only then can we create the combined strength needed for the construction and defense of the fatherland.

The army is the force for combat, but at the same time it is the force for work and for production. It must actively take part in proselytizing the masses and in doing economic work, which must be closely combined with the national defense work.

3. The foundation of the all-people national defense and people's war is *strong defense areas* and *strong main-force mobile corps [binh doan],* for the traditions of Vietnam's people's war lie in the close combination of two modes: local people's war and war fought by main-force corps. In the defense posture of the entire country and of individual military regions, we must turn provinces (municipalities) and districts (wards and cities) into *strong defense areas,* which are then linked with combat villages to ensure the development of *on-the-spot strength, the ability to defend one's own locality* (in the urgent task of fighting against and preventing peaceful development, armed rebellion, and overthrow to be *capable of resolving by oneself* the situation on the spot) and *to contribute* to defending the military region and the country as a whole. We must build from the basic level totally strong provinces (municipalities) and districts (wards and cities); create *powerful potential;* and have on-the-spot forces, *both military and political,* mobile and reserve forces, *on-the-spot rear-service and technical installations and civil defense work,* and unified *leadership and management mechanism,* capable of reacting to the situation in a clearsighted and timely manner.

In the common defense posture, we must attach special importance to *defense of the sea and islands, borders and key-position areas....*

4. Strong national defense requires a strong *national defense industry.* Right at the time the country was established, Uncle Ho built a Vietnamese arms-producing industry. Today, since we no longer have international aid, we must attach special importance to this matter. The national defense industry is a component of the national industry. In the forthcoming industrialization and modernization of the country, we must attach utmost importance to building and developing the national defense industry in order to ensure the country's strong and long lasting national defense.

5. The all-people national defense, as well as the people's security, must become concentrated maintain unified leadership and management. In the process of renovating the party leadership and building the people's legal rights-based state, we must *continue to renovate the party leadership and strengthen the state management for the benefit of national defense and security.* We must quickly organize, consolidate, and improve the quality of the organs and cadres in charge of national defense and security work, and help all echelons and sectors to fulfill their national defense and security tasks in accordance

with their functions. The ministries of National Defense and Interior must properly carry out their state-managing functions in regard to national defense and security in accordance with the tasks and powers assigned to them.

III. To Further Improve the Quality and Fighting Power of the People's Armed Forces

1. The need of topmost importance is *to consolidate and heighten the revolutionary nature* of the people's armed forces and to fight against and prevent any attempts to render the army "nonpolitical" and "neutralized." We must take political building as the basis for making the people's armed forces strong in every aspect. The key is *to strengthen the party's leadership being absolute and direct in every aspect over the army;* to strengthen political work to ensure the party's firm mastery over the army, which is to be "loyal to the country, pious to the people"; and *to maintain and further develop the nature and traditions of "Old Mr Ho's troops."* We must strongly consolidate the political and ideological battleground, build a solid political aptitude for the troops, and build a wholesome cultural environment.

2. To uphold the line on *building the three-arm armed forces,* which Uncle Ho had recommended at the time they were established and have been tested in combat, and are suitable for the Vietnamese people's war traditions. We must stabilize peacetime organization and make it conform to the market-economy mechanism. We must regularly reduce the number of troops and recruit for the reserve force and for mobilization, and building the militia and self-defense forces in conformity with the new situation. While we still consider the army the mastering arm, we must attach importance to building the navy and air force in order to ensure fulfilling our water and airspace-managing tasks. Building plans must have forces on the spot,mobile and quick to respond to any combat situation.

3. We must concentrate on *raising the quality and fighting strength of the people's armed forces* and build the people's army to turn it into a totally strong revolutionary, regular, well-trained, gradually modernized one. We must keep training as the central peacetime work. We must take good care of the material and spiritual life of our troops. Weapons and equipment must be kept properly serviced. We must strengthen the management of the troops, build the framework to normalize the army, train our troops in discipline, fight corruption and waste, as well as any other negative aspects. We must build strong bases, regiments, and divisions.

4. The key job is *to build and raise the quality of our cadres* and to closely link it with building the ranks of party members and ensure their steady continuity and their ability to satisfy the requirements for modernizing the army. We must perfect the system of integrating army schools into the national school system and incorporate them into the training of cadres and specialized and technical personnel for the army.

5. The decisive work is *to strengthen party building and to raise the leadership capacity and fighting strength of party organizations in the army.* We must perfect and further develop the mechanism of leadership, command, and management at all levels. We must build clean and totally strong party bases.

We must thoroughly understand the party's line on renovation and the fact that renovation in the national defense field has achieved much and has helped the party and people as a whole to maintain stability and peace and create a favorable environment for national construction and development. The all-people national defense has been gradually consolidated. The quality of the armed forces has risen gradually. Two basic deeds of significance in terms of effects have been the strategic adjustment required by the new situation and the perfecting and development of the leadership and command mechanism.

Thoroughly understanding the resolution of the midterm Conference of Party Delegates, in the light of the Ho Chi Minh thoughts, we must further accelerate renovation in the national defense field, strongly consolidate the all-people national defense being closely combined with the people's security, and further raise the overall quality and fighting strength of the people's armed forces so as to allow the latter, along with the party and people as a whole, to properly defend the fatherland for the sake of renovation and national development. We must concentrate our efforts on a few key issues. *One,* to go into in-depth studies of strategic issues. *Two,* to review the studies of organization and building of peacetime forces, in conformity with the market-economy mechanism. *Three,* to study the strategy of building and developing the national defense industry being linked with industrialization and national modernization. *Four,* to build and raise the quality of cadres and the work of schools. *Five,* to perfect and develop the leadership and command mechanism and to strengthen the state management in national defense.

War has its own complicated issues. Peace has its own complicated issues. We must always remind ourselves of Uncle Ho's teaching: "In the olden days, the Hung kings were credited with having built the country; today, you and I must together safeguard the country."

French Minister Wants To Double Market Share

BR2707140494 Paris LES ECHOS in French 27 Jul 94 p 2

[Unattributed report: "Edmond Alphandery Wants To Reinforce French Presence in Asia"]

[Text] "We must do more than double our current market share." Yesterday, Economy Minister Edmond Alphandery, who is in Singapore for a two-day visit, outlined the French Government's objectives in Asia. To bring France's Asian market share at a par with its share of the world market (7 percent), "French firms will need to double their efforts and presence in the region," Edmond Alphandery indicated.

Also, while encouraging local businessmen to invest in France, Mr. Alphandery considers that more joint ventures are needed. With 370 French firms present in Singapore, France's market share in this country is currently 2.3 percent. France's performance is similar throughout the region.

On the more general matter of international trade, the economy minister stressed that France's economy is now among the world's most open: Goods and services imports and exports now account for some 45 percent of its gross domestic product.

Australia

Inflation Remains at 1.7 Percent in Jun

BK2707103694 Melbourne Radio Australia in English 0500 GMT 27 Jul 94

[Text] Australia's annual inflation rate remains among the best in the industrialized world. Figures released today show inflation in the June quarter stood at 1.7 percent—up slightly from 1.4 percent. Only Japan and Switzerland have a lower inflation rate.

Belinda Trump reports that despite the good result, it does not rule out an expected rise in official interest rates.

[Begin Trump recording] The cost of living in Australia rose 0.7 percent in the June quarter because of higher prices on household items, such as petrol, home loans, overseas travel, cigarettes, fruit, and hospital services. Among the capital cities, prices rose fastest in Darwin, Sydney, Melbourne, and Adelaide.

The Reserve Bank is determined to make sure inflationary pressures are kept under control and it is looking at least 12 to 18 months down the track. Today's slightly beter-than-expected figures ease the pressure for an immediate rise in official interest rates, but market economists are still keeping the bank will lift rates in the next two to three months. [end recording]

The modest rise in the cost of living figures has been welcomed by the trade minister, Senator Bob McMullan. [Begin McMullan recording] It is very good news for Australian exports and for the Australian economy and for the Australian people concerned about creating jobs in the medium-term, and it is good news for a sustained recovery in Australia. [end recording]

ASEAN Trade Linkage Issue Said To Proceed

BK2707102894 Melbourne Radio Australia in English 0500 GMT 27 Jul 94

[Text] Australia's trade minister, Senator Bob McMullan, says he is confident discussions on a trade linkage between the ASEAN nations and Australia and New Zealand will proceed despite opposition from Malaysia.

At this week's ASEAN foreign ministers meeting in Bangkok, Malaysia played down Australia's proposal to link the ASEAN free trade area with the Australian New Zealand Closer Economic Relations Agreement. Kuala Lumpur was pushing instead for an East Asian economic caucus.

Speaking at an export launch in Sydney today, Senator McMullan said Malaysia's concern was that Australia was trying to rush its plan. However, Sen. McMullan said it was not Australia's intention to rush the process; rather it sees the trade linkage as a long-term process on which a start should be made.

Fiji

Military Cooperation With France To Increase

BK2807102294 Hong Kong AFP in English 0722 GMT 28 Jul 94

[Text] Noumea, July 28 (AFP)—Fiji chief of staff General Epeli Ganilau has finished a trip to New Caledonia during which it was agreed to step up training of Fiji soldiers with their French counterparts, military sources said Thursday.

General Rene Delhome, the French forces commander in the Pacific island territory, said Fiji officers would take part in the next French military exercises in New Caledonia in October.

Fiji soldiers will also take the French commando's test in New Caledonia, he added.

The 4,000-strong Fiji army and France's Pacific marine infantry have been running exchange visits for the past two years.

General Ganilau visited several military facilities while in New Caledonia for a four day official visit.

Papua New Guinea

Wingti Visits Bougainville, Views Security

BK2707143494 Melbourne Radio Australia in English 0630 GMT 27 Jul 94

[From the "International Report" program]

[Text] Papua New Guinea's [PNG] prime minister has just made his first visit to the main island of Bougainville since the secessionist uprising began there more than five years ago. Paias Wingti is apparently convinced that his government's approach to the problem is working. Radio Australia correspondent Sean Dorney traveled with Mr. Wingti to Bougainville. He reports that everything seems to point to an internal solution and the proposals by Papua New Guinea's deputy prime minister, Sir Julius Chan, for a Pacific island peacekeeping force to be deployed on Bougainville could lapse.

[Begin recording] [Dorney] Paias Wingti spent a few hours in Arawa—the devastated capital of Bougainville—talking to local leaders of the 3,000 or so Bougainvillians who have come down from the mountains in the past few months.

The Bougainville Revolutionary Army [BRA] still controls those mountains, but the PNG military command urged Wingti to forget about the proposed Pacific islands peacekeeping force and leave the job to them. Emerging from a briefing, Mr. Wingti said one thing was sure: He would not be withdrawing the PNG security forces.

[Wingti] I think the majority of the people of North Solomons would want to see the Defense Force to be based in North Solomons and that is the view expressed right from Buka to Wakunai, (Simpus, and Nile). That is the feeling I am getting from our own people.

[Dorney] Mr. Wingti, where does that leave this proposed peacekeeping force then?

[Wingti] Well, I think we have made it clear that the initial discussions were just very (?gloomy) at this stage. There is nothing concrete in which we can, I can, say that something will happen. But I am more positive of what the resistance force and chiefs and our own people are doing.

[Dorney] So, you don't think this (?operation) is necessary or it might have been?

[Wingti] Well, at this point in time, I cannot really make any comment on this because, I mean, I have been here only for a day and I am not qualified to really [words indistinct] I spend so much time with the leaders here for over a longer period, then I would be in a better position to comment. But the indication from our people here is that all they want is for the government to increase its funding. I have said that this year I admitted that we did not increase the funding for Bougainville. But I am saying that next year the funds will increase substantially and that is the commitment I and the government are making, which will be in the interest of [words indistinct].

[Dorney] What about talks with the BRA?

[Wingti] Well, there is always talks going on. I mean whether or not the local (?civilian) contact would be rebel elements up on the mountains. Those talks follow and maybe in the next couple of days I'll have talks with [words indistinct]. So all the time there is always talks going on between our own people and our own people on the other side. So, these talks are always taking place and (?of course) most of them, you can (?achieve), you know, some of those talks.

[Dorney] You have said in there, I think, when you were speaking to the people that this had to be solved in a Melanesian way. Were you saying that this is going to be solved here on Bougainville and there are not going to be talks elsewhere.

[Wingti] Well, you see the crisis took place in Bougainville. At the end of the day it is our people here who have to be satisfied, satisfied in the sense that there ought to be some meaningful discussions among different factions. As you know, Melanesian society we have different villages and different roots and what not. And all these differences come over (?too). I am the man for a real peaceful solution in terms of district level, provincial level, and the nation as a whole. So that process has to take place. [end recording]

Defense Minister Says Strike Action 'Mutiny'

BK2807072494 Hong Kong AFP in English 0456 GMT 28 Jul 94

[Text] Port Moresby, July 28 (AFP)—Strike action by defense force members in Papua New Guinea [PNG] amounts to mutiny, an offence punishable under the country's laws by death, Defence Minister Paul Tohian warned in an interview published Thursday.

"The whole situation is mutiny and that is why I am concerned ... it has caused panic in the country and the people might think that whole country is out of control, which is not the case," Tohian told THE NATIONAL newspaper.

"I am also concerned because the situation might demoralise the troops on the ground in Bougainville."

The strike involves about 300 navy men and has also affected airmen, has left troops opposing secessionists in the Bougainville island province dependent on private transport for logistic support.

Tohian told THE NATIONAL that the strike action started six days ago amounted to "mutiny against the state" and the newspaper reported that he further warned that under PNG law mutiny was punishable by death.

The military commander on Bougainville had assured him that the morale of the 1,200 men battling the rebellion has not been affected by the withdrawal of naval craft, Tohian said.

Naval officers disregarded orders last weekend and took their ships back to Port Moresby to protest against the lack of maintenance of patrol boats and aircraft and draw attention to other unresolved issues such as housing entitlements and allowances.